

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,444

Wednesday October 10 1984

D 8523 B

Spectre of poverty returns to haunt France, Page 3

NEWS SUMMARY

Mubarak, Overhaul Hussein in call for unity losses

President Hosni Mubarak of Egypt held talks with King Hussein of Jordan...

Bolivian reshuffle The Bolivian Cabinet has resigned a day before President Hernan Siles Zuzo celebrates two years in power...

Chileans indicted Former Chilean Foreign Minister Gabriel Valdes, president of Chile's Christian Democrats...

Nato 'digs in' Sandbagged crash barriers went up outside Nato headquarters in Brussels as security was tightened after a series of bombings...

Premier to resign Ontario's Premier William Davis, 53, is to resign after holding office for 13 years...

Hot line Honduran security forces detained 21 people, including three senior telephone company advisers...

Andreotti debate A full-scale parliamentary debate on the foreign policy pursued by Giulio Andreotti...

Murder protest Italy has protested to Mozambique over the murder by rebels of two Italian technicians...

Air space 'violated' Greek aircraft had to make 96 sorties to guide back on course Turkish and U.S. jets...

Secrets trial British civil servant Clive Ponting, accused of leaking government documents about the sinking of the Argentine cruiser General Belgrano...

Everest deaths Two Australian climbers died on Mount Everest, bringing to three the toll on a Himalayan expedition led by the son of Sir Edmund Hillary...

Merrill Lynch buys all of record zero-coupon bond

EXXON CORPORATION, the U.S. oil major, yesterday sold the whole of Europe's biggest corporate zero-coupon bond issue to Merrill Lynch International...

The U.S. bond market moved higher yesterday, but prices came off the top after the Fed made matched sales to drain reserves...

Strasbourg paves way for British budget rebate

THE EUROPEAN Parliament's budget committee yesterday approved payment to Britain of its \$300m EEC budget rebate for 1983...

UK money supply rise dampens rate hopes

THE PROSPECT of a cut this week in Britain's base lending rates receded yesterday with the announcement of an unexpected surge in the UK money supply in September...

Tory ministers assure miners on coal's future

MR PETER WALKER, Britain's Energy Secretary, and other Government ministers yesterday made a concerted effort to reassure the country's coal miners...

There now appears, however, to be a clear majority in the parliament in favour of unblocking the cash, which is seen as something of an embarrassing leftover from past disputes...

The announcement took financial markets by surprise, and gilt prices fell by as much as a point as money market interest rates edged higher...

Mr Walker promised working miners that "this Government will never let you down. We will not hand the country over to mob violence..."

Members of the budget committee warned last night that the parliament is heading for renewed confrontation with the ten member states over their proposals, with a

The pace of government borrowing is also expected to slow sharply in the second half of the current 1984-85 financial year...

The Government does, however, face a dilemma in promising to help working miners because hopes of starting to pay them the promised wage rise have run against the working miners' desire to adhere to the union rule book...

Boesky's UK trust plans rights issue

CAMBRIAN & General Securities, the fast-growing British-based investment trust chaired by U.S. arbitrageur Mr Ivan Boesky, yesterday announced a £19.8m (\$24.5m) rights issue...

Wiggins Teape considers venture in Portugal

WIGGINS TEAPE, the British paper company, is considering a £40m investment in a new Portuguese pulp and paper project as part of its plan to boost its share of the fast-growing European office paper market...

Grindlays - your banking connection... Strength on the ground and experience are essential for a successful international banking connection...

CONTENTS Europe 2, 3 Compasies 17, 18 America 5 Companies 17, 18, 21 Overseas 4, 9 Companies 29 World Trade 6 Britain 10, 11 Companies 22-24 Agriculture 34 Arts - Book Reviews 13 World Guide 13 Commodities 34 Currency 35

Italy: rekindling an old flame at Corriere 2 Management: upheaval at British Telecom 12 Editorial comment: election in U.S.; business 14 EEC finances: the relaunch that never was 14 UK: privatisation is not enough 15

Lex: Sears Holdings; money supply 16 Chemicals: ICI's team of persuaders 17 Singapore: powerful new press monopoly 20 Alcan: lining up industry leadership 21 Sri Lanka: Survey Section IV

Grindlays Bank Group London: Grindlays Bank plc, Minerva House, Montague Close, SE1 9DH. Tel: 01-626 0545. Telex: 8550436 GRINDLY G.

EUROPEAN NEWS

Foreign policy provides rod to beat Andreotti

BY JAMES BUXTON IN ROME

A FULL SCALE parliamentary debate on the foreign policy pursued by Sig Giulio Andreotti, Italy's Foreign Minister, looks certain to be arranged shortly.

triggered the latest—but by far the most serious—of a number of furries in Italian domestic politics and occasional ruffled feathers among the country's allies.

But no one believes that a public examination of Sig Andreotti's handling of foreign affairs is more than another way of assailing this influential, astute and nimble politician, who has accumulated many enemies in a political career which began in 1946.

more matters of show than of substance. He has continued the policies under which Italy has shown a higher profile than in the past. It was among the first Nato countries to accept cruise missiles, and sent its forces to perform peace-keeping duties in the Middle East.

Under Sig Andreotti the recent has changed but the main lines remain the same. He is less interested in Europe and the EEC than his predecessor and far more excited by Third

World countries, many of which he has visited. While remaining faithful to Nato policies towards the Soviet Union he has often taken an independent line on details. Last November he broke the Nato boycott of the Red Square ceremonies in commemorating the Russian revolution by sending the Italian ambassador, a move which disquieted the U.S. and provoked protests in Italy.

His remarks last month about the division of Germany brought him praise from the Soviet Union and other East bloc countries—leading some people to think that he wished to ingratiate himself with the Russians so as to present him-

self as a possible mediator between East and West. But no one really knows, and despite his reputation as "the man who never makes a mistake" he may simply have mis-spoken. Another cruder explanation is that this and other actions were aimed at retaining Communist party support for his domestic political ambitions, though the Communists have now called for his resignation.

What is certain is that the furore over Sig Andreotti threatens to make life very difficult for Sig Craxi over the next few weeks. The alliance between the two men is one of the foundations of the government.

Communists draw up battle lines against Spain's social pact

BY TOM BURNS IN MADRID

THE VETERAN Communist leader of Spain's Comisiones Obreras trade union was not present at the Prime Minister's Moncloa Palace yesterday for the much-heralded signing of the so-called social and economic pact. His absence, however, made him just about as conspicuous as Bangu's ghost.

Sr Marcelino Camacho, the Communist Party and the Comisiones Obreras have vowed to hantn Prima Minister Felipe Gonzalez, the Socialist Government and the Socialist union movement for surrendering "historic working-class conquests".

The surrender in question involves signing an agreement with the employers' confederation which allegedly abandons the "conquests" of the Prime Minister into effectively protection against dismissals.

The claims made by Sr Camacho and his party and union colleagues have stung the Prime Minister into effectively calling his critics liars.

In a lengthy personal telegram to the Comisiones Obreras leader, released yesterday, Sr Gonzalez accused him of "tampering with the truth". Sr Gonzalez flatly denied that the agreement enshrines the possibility of instant dismissals, and in a clearly angered and injured tone, informed Sr Camacho: "You know perfectly well I would never consent (to such an agreement) either as a former labour lawyer or as head of the Government."

He accused Sr Camacho of attempting to manipulate public opinion at the behest of the Communist party, which was seeking to discredit the agreement in order to make political capital.

Sr Camacho hit back saying that the Prime Minister had "lost his nerve" and had re-

sorted to "anti-Communist calumnies". These vitriolic exchanges have pinpointed just how vexing the question of dismissals is in Spain, and by extension, how far the social and economic pact has broken new ground. The two-year agreement sets guidelines on wage rises, unemployment benefits and incentives for investment, and is broadly similar in its content and its expectations to other pacts over the past seven years.

Sr Gonzalez claims nothing on the subject of instant dismissals was raised in the negotiations; the employers are satisfied that the subject coloured the long weeks of bargaining. Both the Government and the Socialist trade union, the Union General de Trabajadores (UGT), on one side, and the employers on the other, argue that their positions are reflected in the pact.

What has happened is that the UGT and the employers' confederation have agreed to form a joint commission which will report within six months precisely on the dismissals issue. The brief is to examine how labour legislation can best be adapted to existing rulings within the European Community. It is this that Sr Camacho has ably seized upon.

Under existing legislation an employer has to refer to the labour courts in order to dismiss an employee. The delay involved can make it very costly, particularly for small companies.

Adaptation to EEC rulings would reduce the recourse to the courts and allow direct negotiations between the employer and the union representatives.

Sr Camacho, the Comisiones Obreras and Communist party have announced total opposition to the pact and are preparing demonstrations against it.

Italian daily aims to rekindle an old flame

BY ALAN FRIEDMAN IN MILAN

"THE CORRIERE will be saved and this deal will go through. All of the right people in the Government and the banks have said yes. Even the politicians can't stop it now."

So said one of Italy's leading industrialists a few days before the sale of the Rizzoli publishing group, which includes the Corriere della Sera, Italy's leading newspaper, to a northern Italian consortium of private businessmen. The sale was a political breakthrough after two years of court-appointed receivership.

Over the last decade the Milan-based newspaper had fallen upon hard times. It was controlled for years by the dark forces of the P2 Freemasons' lodge and the late Sig Roberto Calvi, chairman of the failed Banco Ambrosiano group which had become a major Rizzoli shareholder. To allow it to return to its former status as an independent and authoritative journal, a suitable buyer was needed, who lived up to three criteria:

financial muscle to take on the rekindling of hundreds of billions of lire of debt, including an immediate 1,600m (£25.75m) capital injection.

● A proven management record.

● And most importantly, a willingness to guarantee editorial freedom.



Because the Corriere is a symbol of democracy in a country where byzantine political forces tend to intrude, the deal does not appeal to Sig Giovanni Bazzoli, chairman of Nuovo Banco Ambrosiano (NBA), the bank which has sold its rights to its 40 per cent of Rizzoli to Gemina. NBA sold its shares along with Sig Angelo Rizzoli, the ex-chairman of the company who was arrested on fraud charges, who owned 40 per cent, Sig Bruno Tassan Din, an ex-Rizzoli executive also under arrest,

Gemina group. "The Socialists and the Christian Democrats both wanted to take control of the Corriere. They will be upset that the bourgeoisie of the North has stood up for something."

Even as it became clear that Rizzoli-Corriere would be sold

who owned 10.2 per cent and the Rothschild group which owned 9.8 per cent. "This is a very important publishing house, also in political terms," Sig Bazzoli said. "It is natural that politicians have felt the temptation to gain control of the Corriere. I talked with everyone, but all the politicians knew they couldn't really pressure me."

The Nuovo Ambrosiano chairman says the politicians agreed that the only correct solution would be one involving private industrialists. He adds: "I took them all literally, whether they meant it or not."

Sig Bazzoli, who has chaired the reconstituted Ambrosiano group since August 1982, says he spent all of September working on the Rizzoli deal. He even resigned from the board of Mittel, a Brazilian company which will have a stake in Rizzoli. Under the plan, he says Gemina will have 50 per cent, Montedison's Metas group 25 per cent and the remainder divided between Mittel and a steel entrepreneur. At the Via Solferino head-

quarters of the Corriere, the talk is of growth, innovation and above all, editorial freedom. Dr Piero Ostellino, the newspaper's editor, says he wants his newspaper to be "free, totally independent, non-ideological and with an empirical approach to problems."

Some may regard this as rather ambitious, but Dr Ostellino, who was appointed three months ago, claims that he is "not afraid of anyone." He has reorganised the newspaper on an American model, changing the editorial staff structure from pyramidal and hierarchical to what he calls "horizontal."

"My foreign editor and financial editor and the others have more autonomy now," he said. Will Dr Ostellino be free to follow his liberal instincts? "Absolutely," comes the assurance from the new owners. Will this mean the editor will never be subjected to attempts at interference? In the heck-scratching world of Italian journalism, Dr Ostellino's determination is almost certain to be tested sooner or later.

Portuguese 'people's bank' called to account

By Diana Smith in Lisbon

THE ARREST of Dona Maria Branca dos Santos, Portugal's 33-year-old "people's banker" has spread dismay among thousands of small savers. The fate of as much as 4m is now in doubt.

After days of intense police questioning, Dona Branca the chubby, white-haired self-styled benefactress of the people, was charged with fraud and criminal association and remanded without bail.

Earlier this year, thousands of workers, students, businessmen, bureaucrats and wealthy women had queued for hours to deposit their money with her so as to collect a monthly interest of 10 per cent, copious compared with commercial bank rates of about 30 per cent a year.

Few depositors asked themselves how an elderly woman with no proper installations or accounting equipment could pay such unusual interest rates.

Many of them were driven by Portugal's economic crisis to seek a financial miracle; some handed her their life savings. By late spring, an estimated Ecu 30m-40m (£150,000-£200,000) a day was being processed haphazardly by dozens of Dona Branca's offices, many of them shuttling in Lisbon and the provinces.

The authorities, against at this dazzling display of the parallel economy at work, decided to probe Dona Branca's ways, means and associates, letting it be known that a list of depositors had been drawn up by the police.

The resultant publicity worried some clients who preferred anonymity, and a wave of withdrawals began in early summer. When the Bank of Portugal invited Dona Branca to account for her activities, she was reported to have spent most of the interview in tears.

By July, the organisation shut down "for holidays and reorganisation" promising to reopen in early September. Allegedly some of Dona Branca's associates precipitated her decline by creaming off funds and sharp practitioners forged her signatures on "receipts" for money they had not deposited and on which they claimed interest payments.

Depositors became frightened about the destination of their savings when the promised reopening was delayed. Their worries were increased by reports that the old lady was trying to sell property and jewellery to raise enough capital to pay some of the interest she owed.

Dazzling display

The authorities, against at this dazzling display of the parallel economy at work, decided to probe Dona Branca's ways, means and associates, letting it be known that a list of depositors had been drawn up by the police.

The resultant publicity worried some clients who preferred anonymity, and a wave of withdrawals began in early summer. When the Bank of Portugal invited Dona Branca to account for her activities, she was reported to have spent most of the interview in tears.

By July, the organisation shut down "for holidays and reorganisation" promising to reopen in early September. Allegedly some of Dona Branca's associates precipitated her decline by creaming off funds and sharp practitioners forged her signatures on "receipts" for money they had not deposited and on which they claimed interest payments.

Depositors became frightened about the destination of their savings when the promised reopening was delayed. Their worries were increased by reports that the old lady was trying to sell property and jewellery to raise enough capital to pay some of the interest she owed.

Mr Yiannis Kapsis, the Greek Assistant Foreign Minister, yesterday kicked the ball back into the Turkish court yesterday, when accused Ankara of having tried to overstep the boundaries set by Nato for the exercise by seeking to upstate further into Greek-controlled air space than had been agreed.

Travel offices in Athens, meanwhile, reported yesterday that trans-Aegean civilian flights were operating normally. The six corridors was scheduled to reopen at sunset yesterday at the end of the manoeuvres.

FINANCIAL TIMES, USPS No. 106060, published daily except Sundays and holidays. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York NY 10022.

Greece and Turkey argue over Nato manoeuvres

BY ANDRIANA IERODIAKOPOU IN ATHENS

AN IMPORTANT north-south air corridor over the Aegean remained closed to civilian traffic for a second day yesterday as Athens and Ankara argued about the technical arrangements of a Nato air defence exercise in the region.

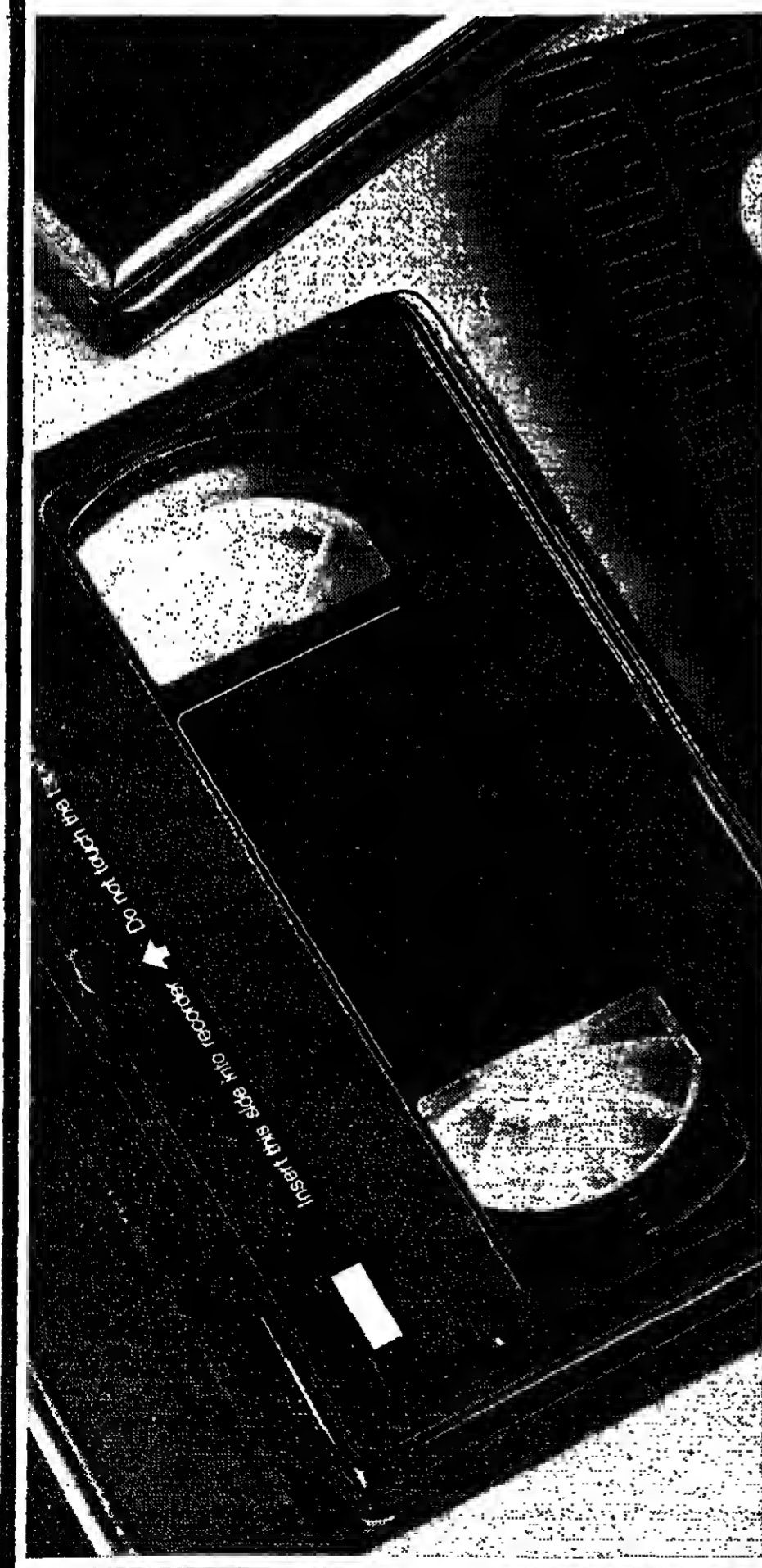
Greece, which has boycotted the exercise because of its dispute in the Aegean with Turkey, closed the corridor on Monday. It claimed that Turkish fighters taking part in the exercise had endangered civilian aircraft. Turkey responded by accusing the Greeks of failing to press on its Advisory Notice to Airman (Notam) giving full details of the exercise flight plans.

Mr Yiannis Kapsis, the Greek Assistant Foreign Minister, yesterday kicked the ball back into the Turkish court yesterday, when accused Ankara of having tried to overstep the boundaries set by Nato for the exercise by seeking to upstate further into Greek-controlled air space than had been agreed.

Travel offices in Athens, meanwhile, reported yesterday that trans-Aegean civilian flights were operating normally. The six corridors was scheduled to reopen at sunset yesterday at the end of the manoeuvres.

FINANCIAL TIMES, USPS No. 106060, published daily except Sundays and holidays. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York NY 10022.

IF YOU THINK JOHN BROWN BUILD SHIPS IT'S TIME WE PUT YOU IN THE PICTURE.



For a start, we haven't built a ship for 17 years. But we have moved into other areas, plastics processing equipment being one of them, and in so doing moulded a new future for ourselves.

Take video tapes. They are a typical end product of the extrusion coating process.

As are photographic film, medical packaging and the multilayer laminated packaging used in the manufacture of long-life milk cartons.

We produce the extrusion machinery. We've also developed advanced thermo-forming equipment which produces the foam packaging for the fast foods industry.

And when you consider, too, that we are major suppliers of injection moulding machinery worldwide, it soon becomes obvious how important a role we are playing in the plastics industry.

But we are not only involved in plastic manufacturing equipment.

We are also world leaders in polymer plant construction, having undertaken over 100 major projects worldwide.

And many of the plants built by us have been the first of their kind, requiring extensive engineering innovation.

And we are certainly innovative. From power generation to oil platform design. And from power engineering to bio-technology, we are diverse in our expertise, and international in our scope of operations.

And we are determined to consistently raise our level of engineering excellence.

And we are determined to consistently raise our level of engineering excellence.

JOHN BROWN Proud of our past. Committed to our future.

Redemption Notice National and Grindlays Bank Limited 7 3/4% Capital Bonds 1987 NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated November 29, 1972 under which the above-designated Bonds are issued, \$718,000 aggregate principal amount of such Bonds of the following distinctive numbers has been drawn for the annual redemption instalment on November 15, 1984 (herein sometimes referred to as the annual redemption date):

EUROPEAN NEWS

Spectre of poverty returns to haunt Socialist France

BY DAVID HOUSEGO IN PARIS

FRANCE, WHICH enjoyed a period of considerable prosperity in the 1950s and 1960s, has been hit by the revelation that the homeless and hungry in the large cities are increasing sharply. The "new poor," as they are being called, come largely from the long-term unemployed. In France, those out of work receive roughly 70 per cent of their salary in their first year of unemployment; thereafter they receive a meagre FF 40 (£3.47) a day. But the new poor also include young people

without a job, immigrants, and single mothers who find it increasingly hard to live on welfare payments. The Association of Mayors of large towns, an organisation embracing every political party, yesterday called for urgent relief measures before the winter brought further hardship. The issue was also discussed yesterday by M Laurent Fabius, the Prime Minister, and Abbe Pierre, one of the leaders of the Catholic charity organisations. The government is worried that the opposition will

seek political capital in the growth of urban poverty under a Socialist administration. Estimates of the numbers involved vary widely. M Jacques Chirac, the Mayor of Paris and head of the neo-Gaullist RPR party, yesterday claimed that some 600,000 unemployed were no longer entitled to full unemployment benefit and that their numbers were growing by 100,000 a month. Their financial position has been made worse by the Government's decision in 1982 to end further supplementary

benefits for the long-term unemployed. M Chirac also said that they were now worse off because they had exhausted other means of support such as personal savings or help from their families. The city of Paris has had to increase its "poverty" budget for the homeless or unemployed from FF 12.7m (£1.1m) in 1981 to FF 30.3m (£2.7m) this year. Amsiens says that demands on its emergency assistance funds have risen by 75 per cent in four years. Besancenot claims that the amount it spends on free

meals has risen 97 per cent in the past two years to FF 175,000 (£15,900). Charity organisations also confirm the increase in urban poverty. The Catholic Assistance grew from 225,000 in 1981 to 450,000 last year and is still increasing. The mayors yesterday called for urgent measures, including help with housing, relief from payment of electricity and gas bills, interest-free loans and temporary boosts to income. The Government's view is that urban poverty is not a new

phenomenon and that it is worse in Britain than in France. M Lionel Jospin, Secretary of association says the number of appeals it has received has the Socialist Party, said yesterday that the opposition should not be allowed to get away with exploiting the issue. There were more cases of urban poverty in Britain and the U.S., he declared.



M Laurent Fabius (right): discussions with Roman Catholic charity leader.

E. German demand on fugitives

By Leslie Collier in Berlin

THE RULING East German politburo met yesterday to decide what to do about the nearly 140 East Germans in the West German embassy in Prague in a bid to get to the West. Herr Wolfgang Vogel, the East Berlin lawyer negotiating with Bonn on the case, said he was hopeful of a solution. As its price for releasing those in the embassy, officials in Berlin say East eGermany has called on Bonn to rebuild the visitors' section of all its East European embassies so that East eGermans coming for advice cannot find refuge.

West Germany to tighten curbs on formaldehyde use

BY RUPERT CORNWELL IN BONN

WEST GERMANY plans to bring in before the end of the year tighter curbs on the use of the chemical formaldehyde, which was at the centre of sharp public controversy here during the summer. The announcement by Herr Heiner Geissler, the Health Minister, broadly follows the recommendations of a specially commissioned report prepared by the federal health and environment agencies, which was published yesterday. Herr Geissler had requested the report after bitter accusations that the Bonn Government had suppressed evidence alleged to show that the chemical might cause cancer, and should be banned. The thrust of the new findings is that no clear evidence exists to back up that claim. But, the report says, suspicion that formaldehyde had carcinogenic properties "could not entirely be ruled out."

Spanish fish compromise thrown out

By Ivo Dawany in Brussels

COMPROMISE proposals on the terms to be offered to Spain over its fishing fleet when the country joins the EEC have been thrown out by officials from the Ten's fisheries ministers. Their decision is another substantial blow to the entry negotiations and casts more doubt on the January 1, 1988 accession target date. The European Commission offered the compromise as a way to break through the impasse on fishing, acknowledged to be one of the most difficult elements in the membership negotiations. It proposed that the common fisheries policy be adapted to ensure that traditional fishing rights remained untouched, while those countries with minority interests in waters predominantly fished by others would be offered licences specifying limits on quotas and access each year. This would have allowed Spain to negotiate for restricted access to the sea west of Ireland from which it has been banned since the 200-mile coastal limit was introduced in 1976. The Commission plan was backed by the UK and Ireland but met fierce opposition from other countries, notably France, which feared an erosion of their existing rights. Negotiations between the EEC and 64 African, Caribbean and Pacific countries opened in Brussels yesterday aimed at securing the final terms of a third five-year Lome trade and aid pact.

Speed limits win supporters in W Germany

BY JAMES BUCHAN IN BONN

A SMALL majority of West Germans is willing to accept speed limits on the country's motorways, according to an opinion poll. The poll conducted last week by the Emnid Institute for a West German television station revealed that 55 per cent of the sample would approve of a speed limit of 100 kilometres per hour on the country's motorways, the only roads in Europe where people can often drive as fast as they like. The study, which included drivers and non-drivers in roughly equal numbers, is bound to increase pressure on Chancellor Helmut Kohl's Government to bite the bullet of speed limits to reduce pollution from car exhausts. Next week the Agriculture Ministry is expected to announce the results of a tree census showing 40 per cent of West German woodland is sick from pollution,

a portion of which is attributed to motor exhausts. Herr Kohl's coalition Government is deeply divided on the issue, and repelled opposition pressure for a decision last week by ordering a study of pollution from motor vehicles. Traditional wisdom has been that an interference with the West German passion for driving very fast would be political suicide. The new poll suggests, however, that the "German forest" (as it is known) has crept ahead of the motor car in national affections. The Government is already under fire from the opposition for putting off from 1985 to 1989 the compulsory introduction of catalytic converters on car exhausts. Some officials now believe that the Government should salvage some credit by imposing speed limits on all cars not yet fitted with the converters.

Mr Paul Chamann, the British Minister for Trade, reported that catalytic converters do not appear to be the most cost effective solution. "I'm absolutely certain we must have a Community solution. We can't have one country going it alone. We simply cannot break up the internal market in cars," he said later. A similar line was taken by France and Italy, and Herr

Karl-Heinz Narjes, the Commissioner in charge of the internal market, said that unilateral West German action would be against the Treaty of Rome. Officials working on the sidelines of the ministerial meeting were making enough progress on the formation of a single document for covering the movement of goods inside the EEC to prompt Mr Chamann to say that the document would be ready by December. It would ease trade by replacing some 70 different national documents.

Car pollution curbs meet EEC opposition

BY PAUL CHEESBRIGHT IN LUXEMBOURG

THE West German Government yesterday ran into blunt opposition from other states of the European Community over its plans to introduce unilaterally new emission standards for motor vehicles. Britain, France, Italy and the European Commission all criticised the West German plan, not on environmental grounds, but because of its effect on the working of the common market. Herr Martin Bangemann, the West German Minister for Economic Affairs, explained to the Council of Ministers for

the first time what his Government intends. This involves subsidies to motorists buying cars with catalytic converters, which cut pollution, on a voluntary basis from next year, but the compulsory equipping of cars with the converters from 1988 and 1989 depending on the type of vehicle. Three to four years for the EEC motor industry to adapt would be sufficient, he told Community trade ministers in Luxembourg. The Commission plan to stiffen vehicle emission standards from 1995 involved too long a

delay, he said. West Germany could not accept it, on environmental grounds. Mr Paul Chamann, the British Minister for Trade, reported that catalytic converters do not appear to be the most cost effective solution. "I'm absolutely certain we must have a Community solution. We can't have one country going it alone. We simply cannot break up the internal market in cars," he said later. A similar line was taken by France and Italy, and Herr

Karl-Heinz Narjes, the Commissioner in charge of the internal market, said that unilateral West German action would be against the Treaty of Rome. Officials working on the sidelines of the ministerial meeting were making enough progress on the formation of a single document for covering the movement of goods inside the EEC to prompt Mr Chamann to say that the document would be ready by December. It would ease trade by replacing some 70 different national documents.

Irish unions complain about legislation delay

BY BRENDAN KEENAN IN DUBLIN

IRISH TRADE unions have asked the EEC Commission to take action against the Irish Government over delays in introducing legislation to extend the obligation on companies to publish annual accounts. The Irish Congress of Trade Unions has enlisted the support of the European Trade Union Confederation in its complaint that legislation under the EEC's fourth directive on company law, which should have come into effect in 1980, has still not been introduced. The several changes of government in Dublin since 1980 have contributed to the delays, with successive ministers of Industry wanting to study the implications for themselves. The present incumbent, Mr John Bruton, is said to be ready to bring his proposals to government. These are likely to encompass not only the terms of the directive but the problem of directors who abuse limited liability. Irish company law is still based largely on a 1963 Act and is generally regarded as in need of major updating. The Irish Congress, in a letter to the President of the Commission, M Gaston Thorn, said it feared that legislation would be further delayed unless the Commission used its powers to compel the Government to act.

Setback for Open group

By Paul Cheesbright

EUROPEAN CONSUMER groups hoping to state their case on the banned arthritis drug Open failed to see the Council of Trade Ministers yesterday because it became bogged down in discussing compensation for victims of defective products. The Open group's Committee seeks to offer support for the families of up to 100 people whose death might be associated with the drug, now withdrawn from the market, which was produced by Eli Lilly in the U.S. and Distal Products in Britain.

Only Data General knows your Data General computer this well.

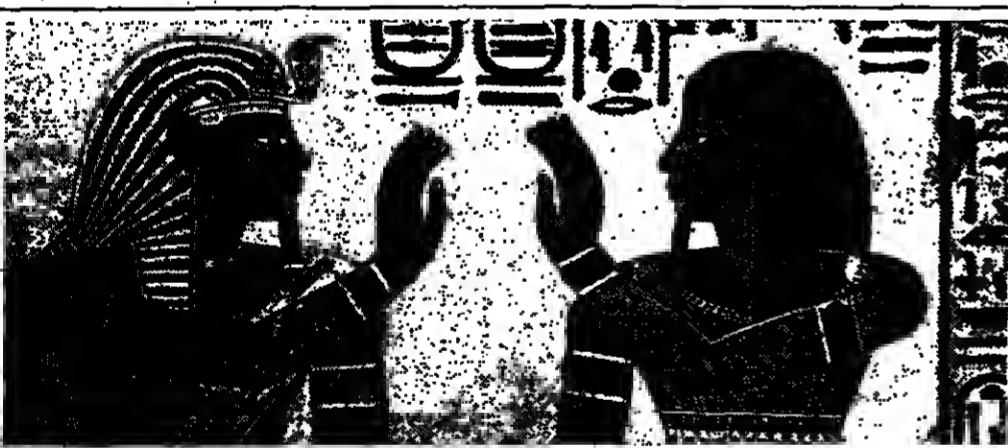


Naturally, nobody can possibly know Data General computers as well as we do. So when you are choosing a maintenance contract it makes sense to come to the people who design, make and update them. Data General contracts are tailored to each customer's needs. And we put the accent firmly on positive servicing. This means that we aim at preventing problems rather than resolving them. Keeping your system in tip top condition. In fact, everything was specifically designed with on-going maintenance in mind. Furthermore, Data General engineers are backed by full software expertise. And you'll benefit from our operations experience gained from over 250 worldwide servicing centres.

- DATA GENERAL FIELD ENGINEERING MEANS: Total support.....we support both Data General hardware and software. Constant up-date.....we upgrade and enhance our offerings as new specifications are announced. Worldwide back-up.....we draw on the experience of 250 international branches. Remote assistance.....long-distance access for preventive and corrective service on hardware and software. Professional standards.....elite training standards for all personnel.

Data General. a Generation ahead. IN LOOKING AFTER YOUR COMPUTER SYSTEM.

Please send me the brochure about Data General's Maintenance Service. Name: Position: Company: Address: Postcode: Post to: Tony Peacock, Field Services Business Manager, Field Engineering, Data General Limited, Hounslow House, 724-734 London Road, Hounslow, Middlesex.



ON BUSINESS IN EGYPT... COME TO SHERATON.

Come ten minutes from the airport to the centre of government of administration of exhibitions. Come to a superb new business centre with word-processor and 24-hour telex. Come to Cairo's oasis of relaxation - to poolside cabanas and bars and a dazzling array of fine foods from many lands. Come to the Heliopolis Sheraton... where Egyptian hospitality comes alive.

فندق شيراتون هليوبوليس Heliopolis Sheraton Sheraton Hotels, Inns & Resorts Worldwide The hospitality people of IFF For reservations and information, call Cairo 665500, telex 93300, or your nearest Sheraton Hotel or Reservations Office

OVERSEAS NEWS

China may ask for onshore oil help

BY MARK BAKER IN PEKING

CHINA is considering spreading the involvement of foreign oil companies to onshore as well as offshore exploration. Kang Shien, a member of the State Council and a former minister of petroleum industry, confirmed during a meeting with officials of the Chevron Corporation that the matter is under study, and a spokesman for the China National Offshore Oil Corporation (CNOOC), Chen Bingqian, says that the move is "likely." He said in an interview that a proposal was being studied by the Petroleum Ministry. Kang said such a move would be different from the cooperation with foreign oil companies now under way in offshore exploration as China would provide most of the technical services. Indications of the move come as China is preparing to announce a second round of bidding for joint venture exploration leases in the South China Sea and the southern Yellow Sea. Chen said an announcement about the bidding would be made "as soon as possible." CNOOC was attempting to speed up its preparations and the work might be completed by early next year. Kang said the introduction of foreign companies to onshore exploration would be desirable to help expand existing oil production. "We still have to improve our work in some aspects," he said.

Some local authorities wanted the Government to protect them from foreign competition but this would mean "sheltering backwardness." Preferential treatment should be given to those companies able to compete with the foreign companies. "For 30 years, we worked to develop oil resources only on land. Our big problem is a lack of experts," he said. The ministry predicted that this year's total oil production was likely to be more than 110m tons. While China's oil output has exceeded 100m tons each year since 1978 and the country was the world's seventh largest producer last year, Government leaders have stressed that there must be a major effort to find big new onshore fields. The offshore exploration areas opened up last year have yet to live up to China's expectations, although CNOOC says it is pleased with initial results, especially an Esso consortium strike in the South China Sea with a daily production of 429 tonnes. Dominic Lawson adds: Last month China's oil vice-minister, Li Tianxiang said that China's crude oil production would reach a record figure of more than 110m tonnes this year. The target for this year had been 108m tonnes, compared with an actual output of 106m tonnes in 1983. All China's current oil production comes from onshore fields.

Pretoria to allow school councils

THE South African Government has agreed to set up elected student representative councils and class leaders in an effort to defuse tensions in black schools that have led to boycotts and bloody riots. Anthony Robinson reports from Johannesburg. Remedial classes on Saturdays will help pupils catch up work lost during the disturbances. Six schools near Pretoria, closed since May, would reopen tomorrow, according to Mr Gerritt Viljoen, the Education Minister. The councils will be introduced in January. But Mr Viljoen emphasised that they were to be advisory in nature. "It is not the task of the pupil to rule the school," he said.

Jurek Martin on Nakasone's campaign to stay on top Party faces cost of unity



Mr Nakasone

all his experience in government, he has remained politically in the twin shadows of his two powerful patrons, both former Prime Ministers — Mr Takeo Fukuda and Mr Nobusuke Kishi (who is also Mr Abe's father-in-law) and who, embarrassingly, has already come out for Mr Nakasone. Whatever his choice, Mr Abe is unlikely to remain as Foreign Minister, and the Fukuda faction will need to be satisfied. Splits even exist inside the Nakasone-Tanaka faction over who should get the best jobs. This is doubly important because, even if later than sooner, Mr Tanaka is going to relinquish his reins one day. It is often said his faction will break up when he goes, but control of it remains an attractive prize. Mr Noburo Takeuchi, now Finance Minister, remains the heir apparent and could take over from Mr Abe at the Foreign Ministry or become Secretary-General. But either position could also go to such Tanaka faithful as Mr Susumu Nakaido or Mr Masumi Ezaki.

THE LDP FRACTIONAL STRENGTHS (BOTH HOUSES)

Tanaka	115
Suzuki	78
Fukuda	67
Nakasone	62
Komoto	35
Ishihara	6
Non-aligned	34

UK protests to Iraq

The UK yesterday protested with "serious concern" to Iraq over Monday's attack in the Gulf on the supertanker World Knight in which two British seamen are presumed to have been killed, writes Richard Johns. The fire on the vessel was reported to have been extinguished yesterday, with the ship subsequently being towed to the Iranian port of Basra.

Lebanese factions

Important changes took place yesterday in the leadership of Lebanon's factional forces, agencies report from Beirut. President Amin Gemayel's Phalange party tightened control of the country's right-wing Christian militia, the Lebanese Forces, with his nephew, Mr Fuad Abu Nader, elected as its head. The leftist Moslem forces banded together in a Syrian-supported grouping that charged Mr Gemayel's party was a reactionary force.

MUBARAK'S HISTORIC VISIT TO JORDAN

Hussein hopes for a moderate Arab grouping

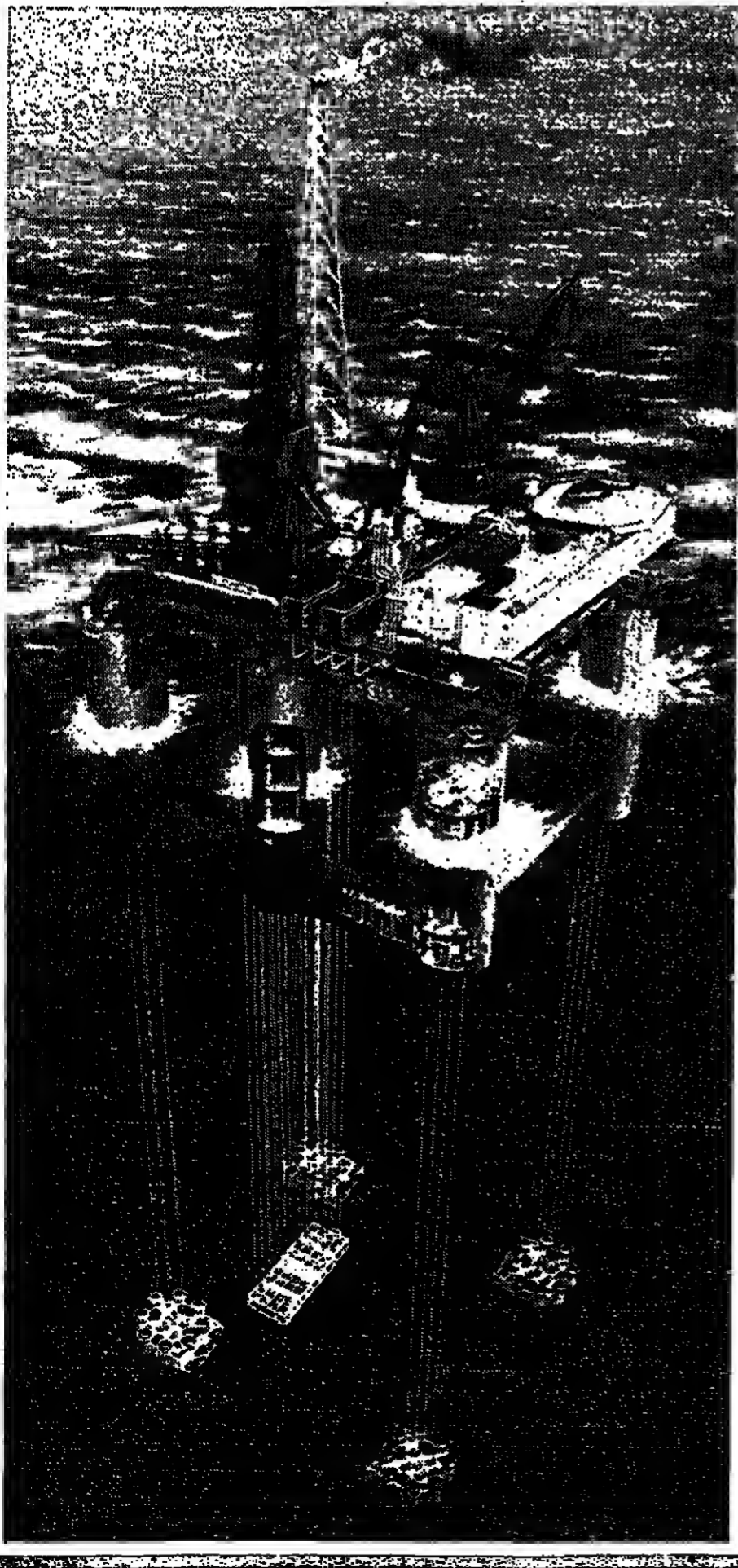
BY RAMI G. KHOURI AND TONY WALKER IN AMMAN

MR HOSNI MUBARAK'S arrival in Jordan, the first visit by an Egyptian President since 1977, may herald a realignment of political forces in the Middle East. King Hussein's bold decision to restore relations with Egypt seems designed to promote a new Arab consensus on a settlement of the Arab-Israeli conflict. While the decision has exacerbated inter-Arab tensions, in the long run King Hussein clearly hopes that it will spawn a new moderate grouping to participate in renewed Middle East peace efforts. The timing of the King's decision to restore relations with Egypt took most people by surprise. However, it appears that the Jordanian ruler moved now to allow time for a new Arab grouping to emerge in anticipation of the focus of Middle East diplomacy reverting to the Palestine issue. This would follow likely renewed American diplomatic efforts in the region after the presidential election, an Israeli withdrawal from South Lebanon and efforts to bring about a reconciliation among opposing factions in the PLO. While Jordan's decision appeared sudden and bold, it was the culmination of an 18-month long process of renewed contacts between Amman and Cairo, which included two meetings between King Hussein and Mr Mubarak, the most recent being in Washington last February. Jordan's interest in expanding economic ties with Egypt is expected to follow the pattern of close economic links with Syria and Iraq at various stages during the past eight years. This has included the establishment of joint companies in the fields of trade, industry and transport. Jordan has traditionally sought close relations with its powerful Arab neighbours. Its revival of political and economic ties with Egypt comes at a time when it is at loggerheads with Syria, and Iraq is preoccupied with the Gulf War. A factor in the King's decision may be the hope that Egypt will emerge as an important export market for Jordanian goods at a time when Jordan's trade has been particularly hard hit by the general economic slowdown in the Middle East and the Gulf War. By forming the nucleus of a moderate Arab grouping, King Hussein and Mr Mubarak no doubt hope to offer the pro-Arafat forces in the PLO an alternative focus of support as a counter to the Syrian-led anti-Arafat forces within the PLO. another, the Shobokhish. We are asked by Prince Mohammed to make it clear that he does not have and never has had any holding in Carleon Al-Saudia, and similarly that he has never had any business dealings with nor investment in the Shobokhish group. Michael Field and the Financial Times apologise to Prince Mohammed for these errors.

HRH PRINCE MOHAMMED BIN FAHAD BIN ABDULAZIZ

An article by Michael Field in the Financial Times of August 31, dealt with delays being experienced by contractors in receiving payments from the Saudi Government. It was stated that Prince Mohammed bin Fahad was a partner in one of these contractors, the bankrupt Carleon Al-Saudia, and that he was much involved with

AFTER YEARS OF BUILDING WORLD FAMOUS SHIPS, WE DECIDED TO LOWER OUR SIGHTS.



And in so doing we reached new depths of expertise. Famous in the past for such magnificent vessels as the Transatlantic Queens, John Brown today are still at the forefront of engineering technology. We designed, engineered and installed the deepest oil platform in the North Sea. We also made a major contribution to the Conoco Hutton TLP; that's illustrated opposite. It's the world's first tension leg platform. And it now means that offshore operators with floating production systems can go into deeper water and in more severe environments than any so far faced. We also built the remote control underwater vehicles that now carry out subsea trenching and cable laying under the seabed. And we make the air-purification and oxygen production systems for the Navy's Nuclear Submarines. Our underwater TV cameras and throughwater communication systems helped locate HMS Edinburgh buried miles off the North Coast of Russia and consequently led to the recovery of £40 million of gold. Yet if we are extending engineering frontiers in the depths of the ocean, we are doing no less in shallow water or on land. Using modern computer technology we designed the biggest oil and gas processing installation in the U.K. — at Sullom Voe in the remote Shetland Islands. This terminal now processes 1.65 million barrels of oil per day — that's over 80% of Britain's oil requirements. From power generation to polymer plants and biochemical engineering, we are diverse in our expertise and international in our scope of operation. Indeed, our offshore operations extend far beyond the North Sea; major engineering contracts have been carried out in the waters of the Celtic Sea, the Mediterranean and the South Atlantic. But then, we are a company that is still going places, even if it's not in ships.

JOHN BROWN

Proud of our past. Committed to our future.

Tax on office equipment opposed

BY OUR FAR EAST EDITOR

THE Japanese Government's proposal to impose higher excise taxes on office automation equipment is again running into strong objection from industry. A similar attempt by the Ministry of Finance last year to extend the so-called commodity tax to goods such as personal computers and word processors was blocked by the industry lobby, using its connections to the ruling Liberal Democratic Party. The ministry calculates that it can raise about ¥100bn (£228m) in additional

revenues by widening the scope of the commodity tax. Industry's view is that it already pays over one quarter of total commodity tax revenues and should not be singled out for an additional burden. This specific conflict is by no means the only one currently dividing the Government and the private sector. The Finance Ministry and the Keidanren, the umbrella employers association, have already exchanged broadsides over whether or not Japanese corporations are under or over-taxed.

The Finance Ministry's basic problem is that in the absence of fundamental tax reform, it has little alternative but to target individual sectors in order to raise the revenues and reduce a fiscal deficit which already exceeds ¥400bn a year. There is serious discussion inside the Government about both the level of existing taxes and the desirability of relying more in the future on consumption levies, as opposed to income tax. But at present there appears to be no political consensus behind any particular proposal.

NOTICE OF REDEMPTION

To the Holders of

Ramada Capital Corporation N.V.

6 1/4 % Convertible Guaranteed (Subordinated) Debentures due November 15, 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of November 15, 1971 under which the above described Debentures were issued Morgan Guaranty Trust Company of New York, as Trustee, has selected \$509,000 principal amount of Debentures for redemption on November 15, 1984, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, as follows:

Outstanding Debentures of \$1,000 Each of Prefix "M" Bearing Numbers Ending in any of the Following Two Digits:

15	30	34	38	42	50	52	70	71	80	82	89	92
----	----	----	----	----	----	----	----	----	----	----	----	----

Also Outstanding Debentures of \$1,000 Each of Prefix "M" Bearing the Following Numbers:

346	3846	4246	4646	5046	5446	5846	6246	6646	7046	7446	7846	8246	8646	9046
2146	2546	2946	3346	3746	4146	4546	4946	5346	5746	6146	6546	6946	7346	7746

The right to convert Debentures selected for redemption into Ramada Inns, Inc. Common Stock will terminate at the close of business on November 15, 1984. The conversion price of Debentures is \$15.57 principal amount of Debentures for each share of Common Stock issuable upon the conversion.

On November 15, 1984, the Debentures designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons representing thereto maturing after the redemption date, at the option of the holder either (a) at the Receive and Deliver Department of Citibank, N.A. (formerly First National City Bank), 111 Wall Street, New York, New York 10043 or (b) at the main office of Citibank, N.A. in Amsterdam, Milan, Brussels, Frankfurt/Main, Paris or London, or the main office of Citibank (Luxembourg) S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-9 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons. Coupons due November 15, 1984, should be detached and collected in the usual manner.

On and after November 15, 1984, interest shall cease to accrue on the Debentures selected for redemption. Following the aforesaid redemption, \$2,266,000 principal amount of the Debentures will remain outstanding.

RAMADA CAPITAL CORPORATION N.V.

Dated: October 9, 1984

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 30% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identification number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

AMERICAN NEWS

Mondale sets out on a 'new race' for the White House

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR WALTER MONDALE yesterday sought to build on the success of his first televised debate with President Ronald Reagan on Sunday, claiming that the contest for the White House was now "a brand new race."

His vice-presidential running-mate, Ms Geraldine Ferraro, cleared her agenda of public appearances to prepare for her own encounter with vice-president George Bush in Philadelphia tomorrow night.

Mr Richard Wirthlin, Mr Reagan's pollster, admitted that according to his calculations, the President's lead could slip from 18 to 12 or 13 percentage points by the end of the week.

Mr Tony Coelho, chairman of the Democratic Congressional Campaign Committee, said that Mr Reagan's "awfully confused" debate showing had for the first time "raised the age issue."

Although the Democrats have hitherto refrained from taking direct swipes at Mr Reagan's age—at 73, he is already the country's oldest president—his shaky performance on Sunday has raised questions about whether it may be beginning to tell on him.

Mr Reagan's White House advisers were yesterday trying to shrug off the debate's impact, confident that his enormous wife Rosalynn is set in at lead in the polls — variously

estimated at 15 to 30 percentage points — was too big to overcome.

Mr Bush was yesterday playing down the importance of his debate with Ms Ferraro, in which the Democrats are counting on the fiery New York congresswoman to register some telling points.

Ms Ferraro, however, was embarrassed by a clanger dropped by her husband, who referred insultingly to Ms Ferraro in what she thought was an off-the-record exchange with reporters on a campaign flight.

Ms Bush later said she felt terrible about the remark and apologised to Ms Ferraro in a telephone call.

Ms Ferraro herself, however, suffered a potential embarrassment at the hands of her husband, Mr John Zaccaro, a wealthy New York property developer.

President Jimmy Carter was criticised for allowing his wife Rosalynn to sit in at Cabinet meetings.

Pledge to Israel by Reagan

By David Lennon in Washington

PRESIDENT Ronald Reagan yesterday pledged continued U.S. support for Israel but did not promise visiting Prime Minister Shimon Peres, any additional funds at this time to help Israel overcome its economic crisis.

The President said that the \$1.2bn in economic aid already approved for Israel had come "at an appropriate time" implying that the grant would be made available immediately rather than being paid in four quarterly instalments.

Mr Reagan announced the formation of a joint economic development group with Israel to discuss its economic recovery and development programme. This body will apparently monitor the implementation of the Israeli recovery programme and make recommendations about further economic assistance in the light of developments.

The President said that should problems arise for Israel over its balance of payments deficit, "the U.S. Government would work closely with the Israeli Government to avert them."

It was also agreed during the meeting in the White House that the negotiators working out details of the planned free trade area between the two countries should complete their work within 30 days.

Mexicans 'did not authorise' abortive \$50m credit deal

By PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

MEXICO did not authorise Credit Commercial de France to put together last month's abortive credit of up to \$50m for Mexico's development bank Nafinsa, Sr Angel Gurria, Director General of Public Credit said yesterday.

This led to a 'bizarre situation' in which telexes were being sent out inviting banks to subscribe to a loan of which Mexico had no knowledge, he told a press conference.

The loan, which would have marked Mexico's first voluntary borrowing exercise in private capital markets since 1982, was abruptly postponed a week after soundings began during the International Monetary Fund's annual meeting in Washington.

"We were encouraged that there was a deal being put together," Sr Gurria said, but Mexico preferred to wait until banks signalled their acceptance of its \$48.7bn rescheduling plan before tapping the market for fresh loans.

In Paris, a spokesman for Credit Commercial de France said his bank had been asked to sound out the market by the Inter-American Development Bank, which had a written mandate from Mexico for a co-financing loan to develop its tourism industry, including the

tranche to be provided by commercial banks.

Sr Gurria, in London to discuss his country's rescheduling proposal with commercial bank creditors, said the plan had met with a positive response so far although it was not yet certain when the banks would be ready to make their basic commitments.

Mexico has promised to repay up to \$1.5bn of the \$5bn loan granted

by the banks last year when these commitments are signed.

For technical reasons, however, the loan may not be repaid until January, with the money first being put into a separate escrow account as a sign of good faith, he said.

Part of the problem lies in the fact that the loan can only be repaid when interest falls due and the next available opportunity is not until January.

Closing-down sale of HAND-MADE PERSIAN & ORIENTAL CARPETS & RUGS 65% OFF R.R.P.

For example: Silk Persian qum 5' 6" x 3' 6" = £1,125 Persian Isophan Silk Base = £1,225 Pakistan Bokhara 6' x 4' £130 start etc. Silk Herkes

ALL STOCKS MUST GO

Mayfair Carpet Gallery Ltd

3 Old Bond Street, London W1 (Piccadilly End)

nearest tube station Green Park

Tel. 01-493 0126

Open Monday to Saturday 10.00 a.m. - 6.30 p.m.

BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Amro Bank, Henry Ansbacher, Aranco Trust Ltd, Associates Cap. Corp., Banco de Bilbao, Bank Hapoalim, BCCI, Bank of Ireland, Bank of Cyprus, Bank of India, Bank of Scotland, Banque Belge Ltd., Barclays Bank, Beneficial Trust Ltd., Brit. Bank of Mid. East, Brown Shipley, CL Bank Nederland, Canada Permut Trust, Cayer Ltd., Cedar Holdings, Charterhouse Japhet, Choulartons, Citibank NA, Citibank Savings, Clydesdale Bank, C. E. Coates & Co. Ltd., Comm. Bk. N. East, Consolidated Credits, Co-operative Bank, The Cyprus Popular Bk., Dunbar & Co. Ltd., Duncan Lawrie, E. T. Trust, Exeter Trust Ltd., First Nat. Fin. Corp., First Nat. Secs. Ltd., Robert Fleming & Co., Robert Fraser, Grindlays Bank, Guinness Mahon, Hambros Bank, Heritable & Gen. Trust, Hill Samuel, C. Hoare & Co., Hongkong & Shanghai, Kingsnorth Trust Ltd., Knowles & Co. Ltd., Lloyds Bank, Mallinball Limited, Edward Manson & Co., Meghraj and Sons Ltd., Midland Bank, Morgan Grenfell, National Bk. of Kuwait, National Westminster, Norwich Gen. Tst., People's Tr. & Sv. Ltd., R. Raphael & Sons, P. S. Refson & Co., Roxburge Guarantee, Royal Bk. of Scotland, Royal Trust Co. Canada, Standard Chartered, Trade Dev. Bank, TCB, Trustee Savings Bank, United Bank of Kuwait, United Mizrahi Bank, Volkskas Limited, Westpac Banking Corp., Whitesway Laidlaw, Williams & Glyn's, Winturst Secs. Ltd., Yorkshire Bank.

\$120m Westmoreland libel case against CBS starts

By NANCY DUNNE IN WASHINGTON

ONE OF the most controversial and important American libel trials in recent times began yesterday in New York with the jury selection after months of preparation and public debate.

In a \$120m (\$97m) damages suit filed against CBS television General, William Westmoreland, the commander of U.S. forces in Vietnam from 1964-68, is charging that he was falsely accused of deceiving President Lyndon Johnson and Pentagon officials about the strength of the enemy.

The truthfulness of both the U.S. military and the media will be on trial at a time when most of the American public forms its judgments from information received from television news programmes.

Of the three networks, CBS usually has the largest audience

for its news programmes and Mr Mike Wallace, the hard-driving interviewer who is named in the suit, has long been a highly regarded journalist.

Other big reputations are at stake, including, of course, that of General Westmoreland, who says he was intentionally smeared in a 1982 CBS documentary called "The Uncounted Enemy: a Vietnam Deception."

The trial is expected to include testimony from high Johnson Administration officials such as Mr Robert McNamara, former secretary of defence, and Mr Dean Rusk, former secretary of state, as well as various generals, colonels and Central Intelligence Agency analysts. Thousands of pages of government documents, declassified for the trial, will be used in the argument.

Five Bahamian ministers go in shake-up

By Nicky Kelly in Nassau

THREE BAHAMIAN Cabinet Ministers have resigned and two have been dismissed in a massive shake-up of Prime Minister Sir Lynden Pindling's Progressive Liberal Party Government. The Cabinet shuffle is the result of a year-long commission of inquiry into drug trafficking that has badly tarnished the Prime Minister's reputation.

The Cabinet Office on Monday announced the resignation of Mr Arthur Hanna, Deputy Prime Minister and Finance Minister. Mr Hanna had been in the forefront of a movement by some Cabinet ministers to force Sir Lynden's resignation.

An earlier Cabinet Office bulletin announced that Mr Ronald Norrish, Tourism Minister, and Mr George Smith, Agriculture Minister, had resigned "in the interest of the nation and the P.L.P." Both men were alleged to have been involved with drug traffickers. Both denied the charges.

Two other members of the anti-Pindling faction, Mr Perry Christie, Tourism Minister, and Mr Hubert Ingraham, Housing Minister, were dismissed by the Prime Minister within hours of Mr Hanna's resignation.

Commission investigators found that in the past seven years Sir Lynden spent eight times more than he earned, was heavily in debt, and had failed to disclose receipts of over \$645,000 (\$538,000) from a close friend accused of influence peddling. Sir Lynden has said the money was paid to settle an old debt.

Sir Lynden has said he does not intend to step down. This seems likely to provoke a long and bitter fight within the governing party.

Chile opposition leaders face arrest

By Mary Helen Spooner in Santiago

A CHILEAN magistrate has ordered the arrest of eight opposition and trade union leaders for their part in organising last month's two-day anti-government protest against General Augusto Pinochet's regime.

In issuing the order, the court cited a special provision of Chile's state security law. The provision was passed last year in an effort to thwart further protest actions by opposition groups.

The eight leaders include: Sr Gabriel Valdes, a former Foreign Minister and President of Chile's Christian Democrats; Sr Mario Sharpe, Social Democratic leader and president of the Multi-partisan Democratic Alliance; Sr Enrique Silva, the president of Chile's Radical Party; three trade union leaders and two socialists.

Authorities ordered the prosecution of 10 opponents shortly after last month's protest, in which at least nine people were killed during disturbances.

The court ruled there was insufficient evidence to charge two of the 10 opposition figures, copper miner leader Sr Raul Montecinos and Sr Sergio Barria, a leader of the leftist Democratic Popular Movement.

Conspicuously missing from the government court action was Sr Rodolfo Seguel, the president of Chile's copper mine workers' confederation, who has played a key role in organising the days of protest beginning 18 months ago.

Chile's opposition trade unions have called for a 24-hour general strike against the Government on October 30.

Bolivian Cabinet resigns

THE Bolivian Cabinet resigned on Monday night to facilitate a government reorganisation, aimed to alleviate serious political and economic problems in the country, AP reports from La Paz.

The Cabinet, with the exception of two Communist ministers, said in a letter to President Hernan Siles Zuazo, "recognising your decision to

reorganise the Government in order to introduce readjustments in the economic, political and social fields, we resign to leave you in complete freedom to reorganise your Cabinet."

A new Cabinet is expected to announce in the next few days a series of austerity economic measures to control inflation running at 1,000 per cent a year.

Development capital is easy to get. And easy to get wrong.

With the economy emerging from recession, there is plenty of cash available for business development. But the finance required to help a company expand must be tailored to its present and future character. If the financial package is wrong, your company's potential may never be realised.

Development capital can come in many forms to assist business expansion: management buy-outs; management buy-ins; or an investment in shares from retiring shareholders, for example. County Bank Development Capital's participation may be in the form of shares, loans, leasing, guarantees, or a combination of them all with other financing ideas.

Indeed, the skill of an organisation such as County Bank Development Capital lies in putting together the most effective and economical package of available financial resources. To do this successfully requires creative expertise on the part of the bank. It requires a knowledge of your industry, your business, and your management. And very often it requires some pretty fast footwork.

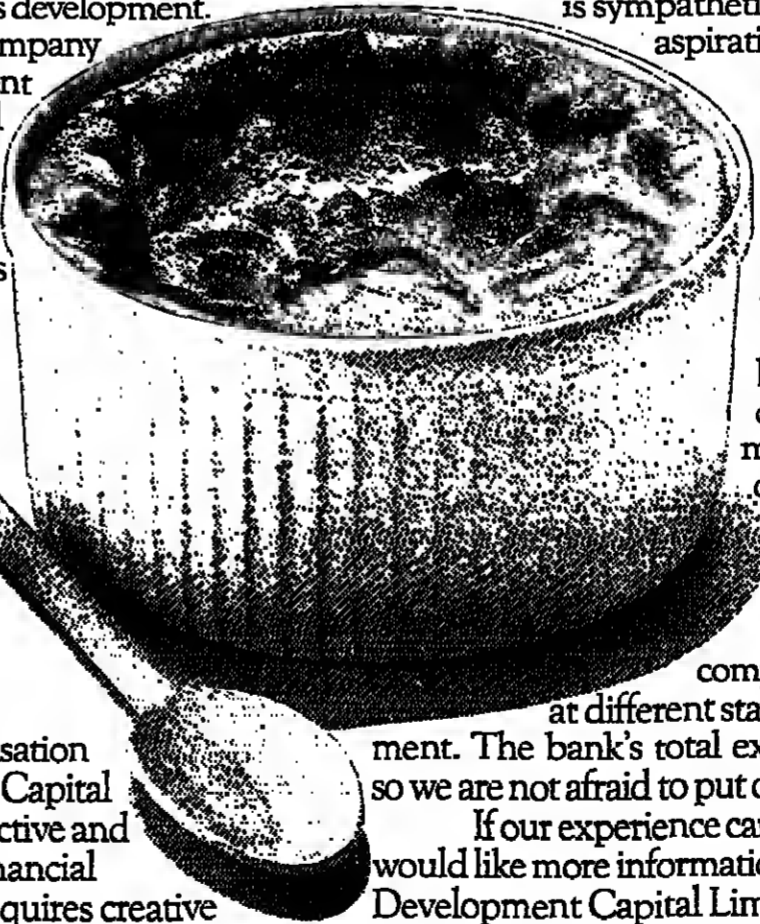
But perhaps the most important thing is that the bank is sympathetic to your goals, and to your aspirations for the company.

Financial houses work in different ways, and although every investment must be realised at the proper time, County Bank Development Capital prefers a long-term relationship with a client.

Once a client, you have the benefit of our experience in corporate advice and financial management expertise. You have our support, but not our interference. When we take a shareholding in a company it remains a minority interest.

We are partners to over 160 companies, of widely differing sizes, at different stages in their corporate development. The bank's total exposure stands at £80 million, so we are not afraid to put our money where our mouth is.

If our experience can be of any help to you, or if you would like more information about County Bank Development Capital Limited, please telephone Andrew Davison, Managing Director, on 01-638 6000 or write to him at County Bank, 11 Old Broad Street, London EC2N 1BB.



COUNTY BANK DEVELOPMENT CAPITAL LIMITED

A member of the National Westminster Bank Group.

MAIM MOULLEN, LONDON

WORLD TRADE NEWS

Grundig to send China VCR kits for assembly

BY JONATHAN CARR IN FRANKFURT

GRUNDIG, the West German audio and video concern, is to deliver video cassette recorder (VCR) kits to China, with assembly under licence expected to begin at the start of next year.

Dutch raise credit insurance premiums

By Peter Spinks in Amsterdam

THE DUTCH Government's export-credit balance-sheet is looking far from healthy, with current Argentine and other third-world debts having prompted Mr Onno Ruding, the Finance Minister, to raise credit insurance premiums for 1985 and to impose stricter controls on the acceptance for insurance of export transactions.

Paul Betts examines why Japanese ventures are welcome in one EEC country France seeks to boost inward investment

"IT'S THE IDEAL type of foreign investment," remarked Mme Edith Cresson, the ebullient French industrial redeployment and foreign trade minister.



Mme Edith Cresson

But sitting in a government corporate jet, looking tired after recently opening Sony's new video cassette plant near Dax and rushing back to Paris to decorate someone for services to French exports, Mme Cresson acknowledged that such investments were not easy to come by.

miss the opportunity of the Sony ceremony to emphasise France's continuing heavy trade deficit with Japan. This deficit had widened from FFr 9,300 in 1983 to FFr 15bn in 1982 and to more than FFr 16bn last year.

In the consumer electronics sector alone, the French deficit has now reached nearly FFr 3.5bn a year with Japan currently accounting for a 30 per cent share of a domestic market totalling about FFr 16bn in annual sales.

In spite of industrial investments by companies like Sony, Akai, Clarion and JVC, Japanese companies have only created so far about 850 new jobs in France or roughly 5 per cent of the total employment in the domestic consumer electronics industry.

To encourage greater investment, especially in technological areas where French industry is still lagging, Mme Cresson believes it important to create "a certain climate" which is inductive to investment.

The procedure for accepting new investments must be accelerated, she said, emphasising the need for cutting French administrative red tape.

UK trade with Nigeria set to show 2-month dip

BY PATTI WALDMER

BRITAIN'S TRADE with Nigeria, its largest export market in Black Africa, is expected to dip sharply in October and November as a result of the dismissal 10 days ago of the country's sole agents for pre-shipment inspection, SGS of Switzerland.

A flurry of communications from the Central Bank of Nigeria, Ministry of Finance, Information Department and the newly-formed inspection team has failed to allay exporters' fears about new inspection arrangements in force since October and is even increasing confusion in some areas.

Paul Betts examines why Japanese ventures are welcome in one EEC country

BY IAN RODGER IN CHICAGO

IT MUST be somewhat embarrassing for U.S. steel industry leaders to be hosting their competitors from around the world this week.

Only two weeks ago, President Reagan decided to impose new restrictions on imports of steel—a move that will hurt many of the industry's guests at the International Iron and Steel Institute annual conference in Chicago.

U.S. steel import curbs 'absolutely vital'

BY IAN RODGER IN CHICAGO

What about the commitment of European Community countries to wear their steelmakers off subsidies by the end of next year? He was convinced they would not succeed.

But later, at a press conference, Mr Rautlein was more blunt. "If someone starts robbing your house, you expect the police to come and apprehend him," he said.

Mr David Roderick, chairman of United States Steel, was equally sceptical. There wasn't "a chance" that subsidies would be removed by the end of 1985. In his view, subsidies bred inefficiencies and an atmosphere of ease out of which it was difficult to break.

But he suggested the U.S. was being extraordinarily generous in allowing importers an 18 1/2 per cent share of the market.

Australia opts for Sikorsky helicopter deal

Australia said yesterday it had decided in principle to buy eight American-made Sikorsky Seahawk helicopters and associated equipment for its navy at a cost of A\$317m (€209m), Reuters reports from Canberra.

Every experience contributes to creativity. O. Spengler

Moving the earth. This is how we as steelmakers do it.

Advertisement for Hoesch steelmakers, featuring images of mining and construction machinery and text describing their products and services. Includes logos for NOTHE ERDE-SCHMIEDAG AG, O & K ORENSTEIN & KOPPEL AG, BERCO S.p.A., and PHB WESERHÜTTE AG.

TECHNOLOGY

VISCOSITY MEASUREMENT FINDS A HOME IN INDUSTRY

A sticky solution to process control

BY PETER MARSH

"JUST about everybody who makes things that flow, from tarmacadam to cosmetics, is interested in measuring viscosity."

This simple statement from electronics engineer Mike Clifton explains why, with the others, he set up a company on the outskirts of London to make viscosity-measuring machines.

In four years, Viscometers, based in Chingford, has registered steady, if unspectacular, growth and now sells each year about 250 instruments worth some £250,000.

The company has just started to move away from selling stand-alone devices that researchers use in laboratories to attack what could be a much bigger market—installation of similar hardware in factories to help in process control.

Liquids can be anything from printing ink to yoghurt, from chemicals to face cream

Here, Mr Clifton's machines monitor the physical characteristics of liquids in vats at various stages during a manufacturing operation. The liquids could be anything from printing ink to face cream.

The devices would be linked to computers that supervise the overall running of a plant. As a result, engineers would monitor from control rooms the intricacies of the manufacture of a specific item, spotting at an early stage, for example, if the product is too lumpy or does not flow smoothly enough.

Mr Clifton, the managing director of Viscometers, set up the enterprise after leaving Alfred Herbert, the machine tool company. In his previous job, he was in charge of the design of machine-tool control systems.

With his three fellow directors, Mr Clifton raised £50,000 to start the company. The others include Alan Jennings (Mr Clifton's brother-in-law, who looks after sales and marketing) and Brian Long, who is in charge of manufacturing. The fourth person is David Eason, a retired City executive who is the company chairman.

To measure viscosity, defined as the resistance of a fluid to a shear force, a Viscometers instrument contains a spindle that is dipped into the material under examination. To the end of the spindle is attached a small disc or cylindrical piece of metal.

The whole unit is rotated by an electric motor at a fixed velocity to produce a shearing force. A small spring linked to the top of the spindle coils up as a result of the resistance to the shear force caused by the liquid's physical characteristics. This movement of the spring is recorded by a tiny optical sensor.

A package of electronics produces a figure for viscosity by dividing the shear stress (registered by the spring's movement) by the shear rate (derived from the turning velocity of the spindle). In a process-control application, the value for viscosity would be transmitted by a digital code to a computer or other electronic mechanism. In the case of a simple instrument

used in the laboratory, the figure would appear on a small display on the side of the instrument.

In one process-control application, the Chingford company has sold equipment to a plant in Royston, Hertfordshire, run by Johnson Matthey. The plant produces alloys used in plating processes, for example in the coating of exhausts for cars.

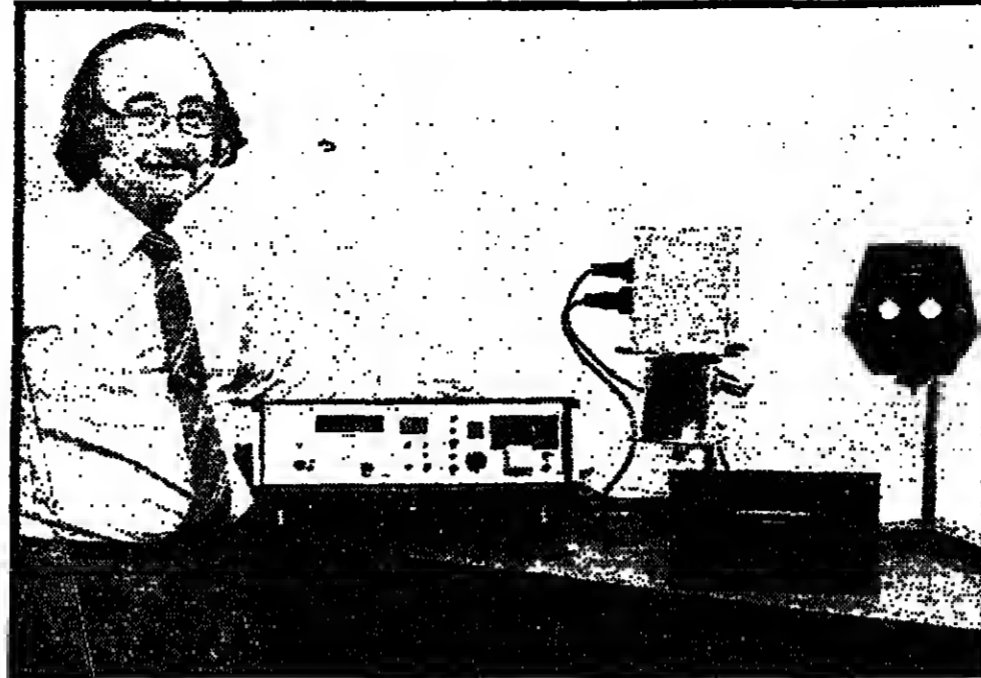
Allied Colloids of Cleckheaton, Yorkshire, has bought viscosity-measuring instruments to monitor the production of chemicals. A typical installation (which monitors viscosity at just one point in a process plant) would cost the customer about £2,500 for the measuring hardware plus electronic support equipment.

In a variation on the theme of selling to process-control industries, equipment manufacturers are incorporating mechanisms made by Viscometers in items that they sell for specific jobs.

Until recently the monitoring of this quantity in industry was a Cinderella pastime

facturers are incorporating mechanisms made by Viscometers in items that they sell for specific jobs.

This development results from the requirement by such companies for closer control of fluids in certain types of industrial machinery. For example, W.R. Grace of London, which makes printing equipment, has bought hardware from Viscometers to install in some of its products. The instruments monitor the characteristics of printing ink to ensure that it is of the correct



Alan Jennings of Viscometers with one of the company's instruments which it hopes will make a splash in the market for measuring the viscosities of liquids

quality to produce top-notch printing.

CPC, a Manchester enterprise, is using devices made by Viscometers in a similar application. The company makes machinery used in cardboard manufacture. The people who buy such machinery may find it useful to monitor the viscosity of chemicals, such as for example, that are important in the production process.

Selling to such a range of industries gives Mr Clifton and the five other people in the company a rare insight into the problems faced by companies involved with the control of liquids in processes. The behaviour of chocolate, for example, is notoriously tricky to predict. This is because of a fluid, a worker might pour a liquid such as paint through a funnel and record the time it takes to flow through the hole at the bottom.

The leader in supplying viscosity-measuring instruments industry is Brookfield, a company in Massachusetts. Viscometers estimates the annual

world market for this kind of hardware is worth no more than £5m but is growing. Other companies that sell equipment in this area are Contraves of Switzerland and Haaker, based in West Germany.

Viscometers employs half a dozen small engineering subcontractors to produce most of its hardware. The company simply assembles and tests the final units at its Chingford site.

In an interesting move, Viscometers has become not only a manufacturer of instruments but a landlord of premises in which two of its subcontractors are accommodated. The company bought a set of workshop units when it set up business and let out the space that it did not require.

The two subcontractors that share the Chingford base are Summit Engineering, a tool-maker, and Branco, which does engraving. Also on the site is a small printing concern called Litho that prints Viscometers' stationery.

But until recently the monitoring of this quantity in industry was something of a Cinderella pastime. Commonly, factory technicians would have only a rudimentary idea of the viscosity of the items they are making. In one rather haphazard way to evaluate this characteristic of a fluid, a worker might pour a liquid such as paint through a funnel and record the time it takes to flow through the hole at the bottom.

The leader in supplying viscosity-measuring instruments industry is Brookfield, a company in Massachusetts. Viscometers estimates the annual

EDITED BY ALAN CANE

Computing

ICL's five workstations

ICL has launched five multi-microprocessor workstations for use in office networks. They offer increased performance and capacity and are an enhancement of the DMS 20 range (Distributed Resource Systems).

Each of the models has faster application and workstation processors and double the memory of current models 10, 20, 25 and 50. One of them, the 125, is a new design incorporating a single 5.25 inch diskette and 10.5 megabytes of Winchester hard disk. It can support up to eight additional workstations and simultaneous multiple communications.

The new models, known as the 100 Range, have a starting price of £2,350 (the 110). The top of the range model, the 150, with 27 megabytes of disk and matrix printer costs £11,500. More on 01-788 7272.

Offshore

Pipeline analysis

HYDRAULIC ANALYSIS, a company in Leeds, is assessing the safety of underwater pipelines in a contract for Statoil, the Norwegian state-owned oil company, that is developing the Gullfaks oil fields in the North Sea.

The British company is examining the design of a 2.3 km pipeline now under construction that is due to enter service next year. It is also investigating features of single-point moorings with which tankers will dock once the field produces oil.

As a result of the work, engineers should draw up a set of specifications for using the pipeline and moorings that ensure the equipment is safe and economic to operate.

Complete protection from corrosion and moisture damage

John S. Bass and Co. Ltd.
061-834 3071
Telex 666736

Graphics

Alternatives to slide projectors

AN ALTERNATIVE to video or slide projectors is being offered in the shape of view-data computer graphics. Telegraphix, a subsidiary of the £10m turnover Telemetric Group in Tewkesbury.

For just under £2,000 the Presenter system which can be used for advertising in shops or presenting graphics in conferences, for example. Graphic images can be stored on a plug-in module containing programmable memory chips and the Presenter controls the sequence in which the images are displayed. The images themselves have to be prepared at special studios and there are about 20 in the UK of which six are in London.

The system can be connected to microcomputers, disc systems and other computer peripherals or via the telephone line to a distant computer.

It can also act as conventional videotex terminal and will decode Prestel, Bildschirmtext or Teletex, the North American videotex standard. Since the company was founded in July more than 150 Presenter terminals have been sold. These have been bought mainly for the pharmaceutical industry as a sales aid to representatives selling drugs to doctors.

RAPID ADVANCES IN SALES

March of the microcomputers

NEARLY 70 per cent of all the microcomputer systems installed in the UK by the end of 1983 were installed in that year alone.

The total was 3,52m; 2.4m of these worth £962m were shipped and installed in 1983.

This figure, which illustrates the dramatic rate at which the UK microcomputer population is growing, is taken from the annual census of the British computer industry carried out by BIS-Pedder.

It is the 11th year that the Pedder organisation has carried out its analysis of UK information processing systems, but only the first dealing with microcomputers.

So rapidly is this section growing, however, that 97 per cent of all the general purpose computers in the UK are microcomputers, representing nearly 25 per cent of the base by value.

More machines of the home variety and costing less than £200 have been installed than any other kind, of course. There

were a total of 2.3m units representing 65.7 per cent of the total microcomputer population installed by the end of 1983.

The market leader here was Sinclair Research with 49.1 per cent of the units installed and 46.2 per cent of the value. Commodore was second with 21.2 per cent by volume and 17.3 per cent by value.

The census shows, however, that for all microsystems shipped in 1983, Sinclair Research led in number of units installed while Commodore led in percentage of total value.

Acorn Computers was third in both categories. Research Machines was market leader by volume and value in the £500-£1,499 price category, while in the £1,500-£3,499 area, Apple led in number of units installed while ACT led in value.

In 1983 Apple, ACT and Commodore all led IBM in number of units installed and value of installed base.

Above £3,500, where office workstations and personal busi-

ness computers give way to more specialised hardware—engineering workstations and the like, Hewlett Packard, British Olivetti and ICL are the market leaders. In the £15,000 plus price bracket, ICL (24.5 per cent) supplied slightly more systems than Triumph Data (22.3 per cent) but more than double the value.

Other suppliers in this top-of-the-line category were Zilog, Alpha Microsystems, Scan Computers, General Automation, Thame Systems and Wicat Systems.

The census reiterates the generally held view that the home market is set for a downturn while the business and professional marketplace remains rosy.

"We predict a downturn in demand for small, general purpose home computers and believe that the emphasis will shift to special purpose computers integrated with, for example, home security or environmental control systems." More from BIS-Pedder on 01-933 0366.

MORE LIVE CONTACTS. FEWER DEAD ENDS.

'That's the difference'



When it comes to developing a new overseas market, few things can save as much time as the right introduction to the right person.

And offering you that, is just part of the Standard Chartered difference.

We're part of the economic life of over 60 countries; so we can be unusually helpful in spotting business opportunities, as well as guiding you through the problems.

And once you've got the business, the difference continues to be just as useful. With 1,900 branches worldwide, we can speed payments very substantially.

With fast communications, we can make effective cash management a reality. With 18 currency dealing centres covering the world 24 hours a day, we can offer you some remarkably professional and competitive dealing.

And with the rest of our services, developed over 130 years' specialisation in financing international trade, we can offer you a practical and profit-orientated approach to overseas business that will match your own.

Discover the difference. Call any Standard Chartered Bank branch for details.

Standard Chartered

Direct banking, worldwide

Head Office: 10 Clements Lane, London EC4N 7AB.

PROFESSIONAL COMPUTER SYSTEMS

GUARANTEED

If we said we could provide you with a professional fully integrated solution to your office procedural problems, you might say "prove it".

Well, we can. Every system we sell performs to an agreed specification—or your money back. All our systems are underwritten with this unique money back guarantee.

FORTUNE Fortune 32:16 A multi-tasking computer running under UNIX. Up to 16 screens, up to 340 Mbytes of storage.

Special Offer on Fortune systems 10 Mbytes hard disc, full Wang look-alike word processing, 3 work stations. For a limited period only. **£8,500 (+ VAT)**

We put software first. We use qualified accountants (F.C.A., F.C.C.A.) to specify and implement all our accounting systems, in addition to some of the finest in-house programmers for programmes for your exact needs.

Call the professionals call Paul Jackson on

01-236 8442

COMPUTER
BESPOKE SYSTEMS

FORTUNE WANG MICRON CALCOMP

OVERSEAS NEWS

A creature of Malaysian policy

By Chris Sherwell, recently in Johore Bahru, Malaysia

THE ECONOMIC development corporation for the Malaysian state of Johore is a creature of the country's 20-year New Economic Policy, begun in 1970 after Malay-Chinese racial tensions surfaced in riots.

And it is an unusual creature insofar as it has no shares and no dividend payment responsibilities. It has hundreds of millions of dollars in loans, but no current repayment obligations.

The corporation has explicit political objectives, including the eradication of poverty, but it also has a lifelong record of profit. And it has subsidiaries spread across agriculture, industry, property and trading, but is staffed by civil servants.

The new economic policy aims to give bumiputras (indigenous Malays) a greater share of the country's wealth — 30 per cent of corporate equity by 1990. Other Malaysians, including the economically powerful Chinese community, are allowed to have 40 per cent, and the remainder may be held by foreigners.

The key feature of this "restructuring" policy is that its goals are to be achieved out of economic growth, so that no community loses. It is implemented by numerous agencies through the purchase of existing companies and the creation of others. Among these agencies are the state economic development corporations, which also carry out development projects.

Their success rate has been about as variable as their activities. In the state of Selangor, near the capital Kuala Lumpur, the emphasis has been on urban development and housing. On the island of Penang, the so-called "Pearl of the Orient", it has been on tourism. Many have inevitably found themselves involved in loss-making operations.

In the case of Johore, the main spring of growth has been plantation agriculture, the state's most important economic sector. The man who built up the corporation was Tan Sri Haji Basri bin Ismail, an agronomist-turned-businessman. "He was the brains and moving force behind its growth," says Datuk Mohamed Ali, to whom Haji Basri handed over in 1982 after 12 years as executive director.

Few corporations can have such explicitly political or vague commercial objectives as those spelled out for the Johore State Economic Development

Corporation: "The restructuring of society, the eradication of poverty and the establishment of a strong, viable and self-reliant organisation."

Mohamed Ali freely admits that the clash of political and economic objectives poses a dilemma, but he is certain that making a profit is an objective.

In one sense, politics is ever-present. Most employees are Malays, and he himself is a card-carrying member of the United Malays National Organisation (UMNO), the Malay party which has dominated the national front coalition that has ruled the country since independence in the 1950s. But Mohamed Ali is adamant that no employee should be involved in party councils, because that would make both the individual and the corporation needlessly vulnerable.

The real politics is more sophisticated: within the departments of government, Mohamed Ali's responsibilities are not simply to the state government, although the Johore chief minister is chairman and a personal working relationship here is essential for success. He must also deal with at least two federal ministries — Finance and Public Enterprises — and he must depend on those ministries' representatives on the corporation's board to smooth the path in Kuala Lumpur.

The corporation has certainly come a long way. It is now established not only in plantation agriculture but in "downstream" commodity processing, the establishment of industrial estates and property development, and in management services, commodity broking and shipping.

The obvious logical pattern behind the development of these businesses is thrown into further relief by the continued migration of people from the rural areas of Johore Bahru, the main city, looking for new jobs and homes.

All told, the group now manages 67,000 hectares of plantation, an area larger than the whole of neighbouring Singapore. Two-thirds of this is planted, mostly under oil palm, and gives employment to 8,700 people. Eastern Plantation Agency (Johore), a wholly-owned subsidiary of the corporation, provides management services for the estates and also for others, and controls one of the corporation's best-known



companies, the publicly listed Kulim (Malaysia), which is the corporation's flag-carrier and chaired by Haji Basri.

Kulim came under the corporation's control — it has 43 per cent of the equity — after a restructuring operation to buy out British interests.

The bulk of the corporation's total of 16 operating subsidiaries, however, are involved not in plantation activity or downstream operations, but in more diverse activities—logging and tin mining, housing and development, building materials distribution, property management, truck and bus services, even a medical centre.

By the end of last year, the corporation had opened nine industrial estates with basic infrastructural necessities. More than half the developed area had been sold, and some 450 factory units were ultimately expected to employ 20,000 people. The corporation has also successfully wooed investors and companies from nearby Singapore.

In housing, the corporation, either directly or through subsidiaries, had built some 8,500 units by the end of last year, and was working on projects for another 22,000.

The corporation's finances speak for themselves. Its assets at the end of 1983 were valued at M\$750,000, but Mohamed Ali says that, allowing for some undervaluation, they could now amount to M\$1.2bn. Pre-tax profit in 1983 was M\$40.4m on a turnover of M\$178m, and unappropriated profits carried forward totalled M\$113m.

Of the M\$208m the corporation had outstanding in loans in 1983, almost M\$265m came

from the government. The corporation has repaid some, but it successfully sought equal treatment with some of its counterparts which had "rescheduled" their payments, and it now only expects to start repayment in 1986.

Over the next five years, says Mohamed Ali, plantations will yield only 30 per cent of the corporation's revenue, and other areas will grow. But while there are new directions, there are also new constraints. The corporation will face increasing problems obtaining loans from a financially hampered government, and will have to depend more heavily on its own sources of income and on bank loans.

A further problem the corporation faces is in transferring holdings in its companies to other government agencies to be held on behalf of the bumiputras community.

For example, 1.2m units of shares in Kempas Edible Oil have already been transferred to Permodalan Nasional Berhad (PNB), the national equity corporation established in 1978 to purchase shares to be held in trust. But this was done at par value. The government says this is the Johore corporation's contribution to the community, but the corporation says it is hardly calculated to fuel its own growth ambitions.

The corporation is undergoing a metamorphosis as it simultaneously tries to engineer a change in society. "When the corporation was first established," says Mohamed Ali, "Malays were by inclination rural and economically way behind a large, dynamic Chinese community. There was a dearth of entrepreneurs, and what expertise there was put into agencies like this."

"Now it has served its purpose. We have concentrated on building up assets, growing and expanding. We now have entrepreneurs, and they should be given a chance: the Government's new privatisation policy should be taken as a reality."

Psychologically, says Mohamed Ali, echoing a thought often voiced in modern Malaysia: "It has been important to demonstrate that we, the Malays, can run and manage companies successfully. But we're trying to compress into 20 years what it took others much longer to do. There are bound to be costs. But they will be worthwhile as long as we learn."

New Issue These securities having been sold, this announcement appears as a matter of record only. October 10, 1984

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark

Copenhagen, Denmark

DM 100,000,000

7 1/8% Deutsche Mark Bearer Bonds of 1984/1991

— Private Placement —

irrevocably and unconditionally guaranteed by the

Kingdom of Denmark

Issue Price 100% - Interest: 7 1/8% p.a., payable annually in arrears on October 15 - Repayment: on October 15, 1991 at par Denomination: DM 1,000 and DM 5,000

ABU DHABI INVESTMENT COMPANY	BANK BRUSSEL LAMBERT N.V.	CHEMICAL BANK INTERNATIONAL (INVID)
COUNTY BANK LIMITED	CREDIT SUISSE FIRST BOSTON (INVID)	THE INDUSTRIAL BANK OF JAPAN (LUXEMBOURG) S.A.
DEN DANSKE BANK AF 1871 AKTIESELSKAB	PRIVATbanken	COPENHAGEN HANDELSBANK A/S

Let us light your future

Concord Lighting is Britain's leading manufacturer of commercial and institutional lighting and lighting control systems. If you are considering design, re-location or re-furnishing of your premises contact us.

Rotaflex PLC
Concord House
241 City Road
London EC1
Tel: 01-253 1200

Concord - One of the Rotaflex businesses



In our celebrated glass house you can throw any number of things -

Christmas parties, lunches, banquets, receptions, buffets, etc.

Come to the Garden Room where you'll feast amongst the foliage and enjoy an ambience that knows no equal.

The Garden Room seats up to 220 people, or more for a reception, in a setting that's simply stunning.

So if you're thinking of throwing an affair make sure you've first got hold of our number: 01-638 4141.

Call the Banqueting Manager to find out more.

Barbican Centre



Put your feet up all the way Down Under.

If you're flying business class to Australia, there's something you should know. Only Qantas gives you a leg rest, so you can really put your feet up. And Qantas give you more room between the seats than anyone else direct to Australia. So next time you're going, book Qantas. And arrive down under feeling on top.



UK NEWS

Vauxhall plants hit by strikes over pay offer

BY OUR INDUSTRIAL STAFF

THE FIRST "indefinite" strike in what is expected to be a disruptive motor industry pay round began yesterday at Vauxhall's two main plants at Luton and Ellesmere Port. Production was halted at the Dunstable truck plant despite a vote to work normally.

In a separate development, union officials representing the 7,000 hourly paid workers at recently privatised Jaguar rejected an offer which the company described as 12 per cent over two years but which the unions said was only worth an extra £3 a week after deductions.

The two sides in the pay strike are also disputing what the offer is. The union say that it is 6 per cent plus a further 1.5 per cent which is

the consolidation of a £2 bonus. The company, however, claims that its offer is worth over 9 per cent because of the introduction of a new grading system.

The company has set the bargaining pace in the motor industry for the past two years - with an 8 per cent rise in 1982 and a 7.7 per cent rise last year, when it was hit by a four-day all-out strike but refused to increase its offer.

So far this year, 2,500 members of the Amalgamated Union of Engineering Workers (AUEW) have taken strike action at Ellesmere Port with 1,800 members of the Transport and General Workers Union (TGWU) expected to follow suit today.

At Luton, both the 3,000 AUEW members and the 4,000 TGWU members are on strike.

A company spokesman also said that the Ellesmere Port AUEW members had decided to meet again on Thursday, which could indicate that the action will be short-lived.

Both Vauxhall and Jaguar are successful companies facing strong pressure for a large share in that success from the workforce. Vauxhall's UK market share has risen from 6.2 per cent in 1979 to 16.84 per cent today, but the unions argue that average earnings - at present £118 a week - lag a long way behind the £146 at Ford and £140 at Austin Rover.

Civil servant sent for trial over 'leak'

BY OUR LAW COURTS CORRESPONDENT

MR CLIVE PONTING, the Defence Ministry Civil Servant accused of leaking government documents about the sinking of the Argentine cruiser the General Belgrano during the Falklands war, was yesterday sent for trial at the Central Criminal Court, charged with an offence under the Official Secrets Act. He was allowed bail.

Mr Roy Amlot, prosecuting, alleged that Mr Ponting sent copies of two documents - one marked "Confidential" - to Labour MP Mr Tam Dalyell. There was on suggestion that the material disclosed was damaging to national security.

When first questioned by Ministry of Defence police, Mr Ponting's response had been, "Good God, you don't suspect me?" Later he had said that, although there appeared

to be a strong circumstantial case against him, "honestly I did not do it," Mr Amlot said.

Subsequently Mr Ponting made a statement in which he said: "I am sorry that I breached the trust the department had in me and that I photocopied and sent two documents to Tam Dalyell, MP. I did this because I believed that ministers within this department were not prepared to answer legitimate questions from an MP about a matter of considerable public concern, simply in order to protect their own political position."

Mr Jonathan Caplan, for Mr Ponting, said that the admissibility of that statement, and of certain police evidence, would be challenged at the trial.

Electricity board to spend £30m on acid rain research

BY DAVID FISHLICK, SCIENCE EDITOR

MORE THAN £30m is to be spent on research and development directly involved with "acid rain" over the next two to three years, the Central Electricity Generating Board (CEGB) said yesterday.

The scale of its scientific programme was disclosed by Sir Walter Marshall, CEGB chairman, in the course of a defence of British Government policy on acid rain.

The Government is refusing to accept an EEC directive requiring a 30 per cent cut in industrial emissions of sulphur dioxide.

Sir Walter rejected the criticisms of the parliamentary Select Committee on the Environment, made in its acid rain report last month.

The CEGB has misunderstood the evidence he and his scientists provided, he said. "I have never previously seen a select committee report where the written statement so clearly contradicted the evidence they received."

Sir Walter said the weight of international scientific evidence had shifted since 1980 from blaming sulphur dioxide for damage to forests, to blaming ozone.

The current hypothesis is that ozone, a particularly active form of oxygen, reacts with hydrocarbons and oxides of nitrogen to produce acid rain. "Unless you get the science right first, you are likely to end up wasting resources and money on controls that will have little or no effect," Sir Walter said.

Scientific opinion in West Germany, which had led the crusade for controls on sulphur emissions, was shifting to seeing the need for controls on hydrocarbon and nitrogen oxide emissions.

The CEGB acknowledges that it emits 45 per cent of the oxides of nitrogen released in Britain but only 1 per cent of the hydrocarbons.

The chief sources of hydrocarbons emissions are motor vehicles, petrochemicals plants and leakage of natural gas.

He believed that international research could confirm the cause of acid rain within a year or two.

The CEGB's £30m programme, managed from laboratories at Leatherhead, includes pilot-plant investigation and demonstration of several technologies for reducing all three kinds of emission.

The biggest investment is in a

study with the National Coal Board, at a joint cost of £25m of pressurised fluid-bed combustion, using the Grimthorpe experimental plant in Yorkshire. The cost includes a major capital expenditure.

It could lead to a new, very-low-pollution boiler for the refurbishing of Britain's big coal-fired stations around the end of the century.

A full-scale demonstration of a burner developed by NEI to reduce emissions of nitrogen oxides from coal-fired stations is planned for 1988, at a cost of £2m.

Other major studies involve Babcock International and Foster Wheeler.

But two proven methods for reducing the emissions from British power stations in the short term are not being seriously considered, Sir Walter said. Both are seen by the CEGB as politically unacceptable.

One is to import cleaner coal than can be bought from the NCB. The other is to burn natural gas.

But the CEGB is engaged in a joint study of a commercial-sized station which would burn gas produced from coal by the British Gas-Lurgi slagging gasifier under development in Scotland.

Time was running out for dealing with the problems of acid rain, Sir Hugh Ross MP told the Conservative Party conference yesterday.

Sir Hugh, chairman of parliamentary Select Committee on the environment was speaking on the Tories' first debate on conserving the environment.

The motion, overwhelmingly carried called on the Government to conserve the environment by all practical means, including the reduction of known sources of pollution and "vigorous defence" of the Green Belt (undeveloped land between urban areas).

He warned of the dangers of acid rain to Britain's historic buildings such as Westminster Abbey and St Paul's.

The environmentalist group, Friends of the Earth, yesterday named 12 power stations at which it is said the Central Electricity Generating Board should install gas scrubbing equipment to comply with the EEC directive on acid rain.

Conference report, Page 11

Borrowing limit problem for Shorts

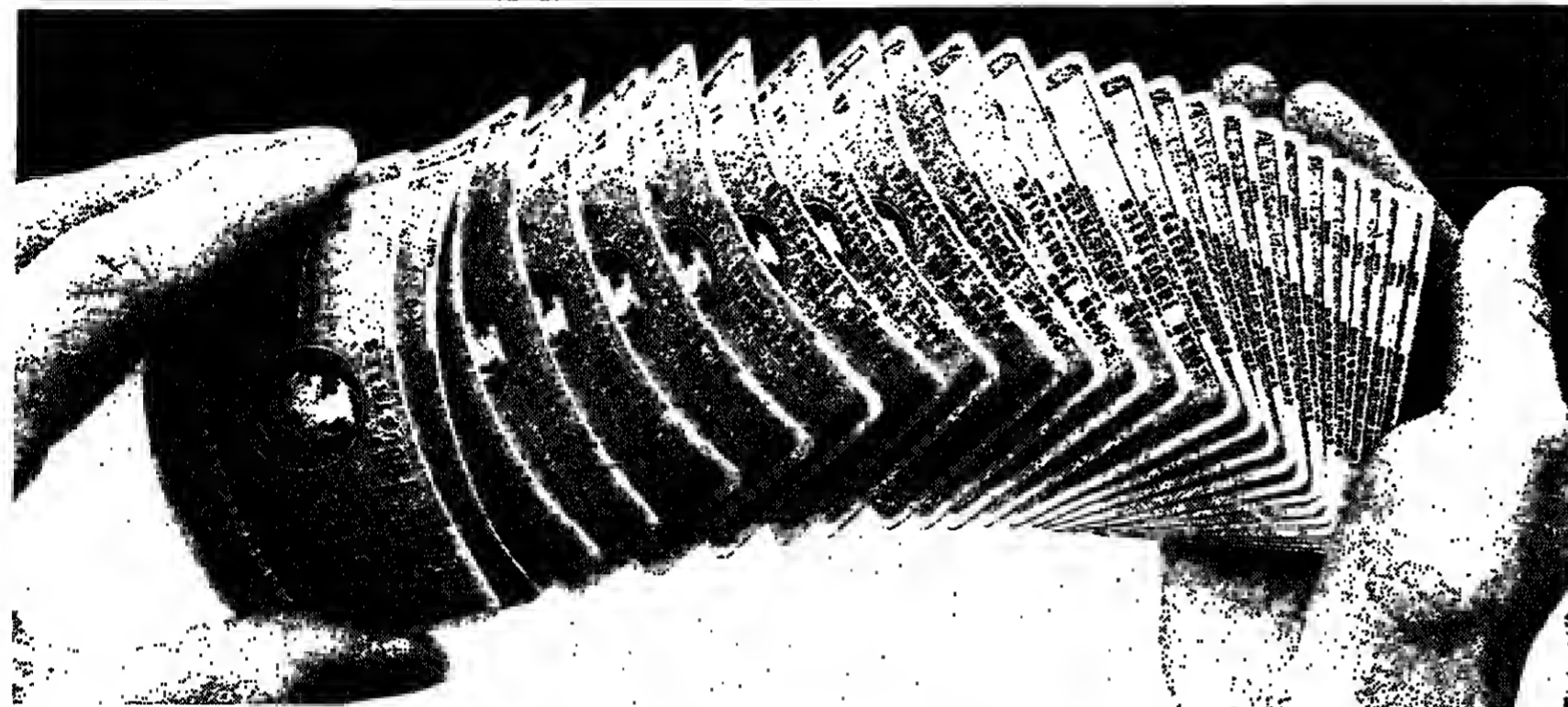
SHORT BROTHERS, the state-owned Belfast aerospace company yesterday warned that it might have to take unspecified measures to keep within the borrowing limits set by the Government, Our Belfast Correspondent writes.

The company, commenting on reports that it was considering short-term working for some of its 8,000 employees, admitted that deliveries of its computer aircraft this year might be fewer than planned.

It said sales of aircraft and guided weapons had been exceptionally high in the past two years but the computer airliner market remained highly competitive and, in some ways, depressed.

Shorts said there had been talks with shop stewards about "a number of measures" that might have to be taken to keep within borrowing limits. There have been reports that the company is considering the possibility of layoffs as well as short-time working but a statement yesterday did not go into detail.

Sir Philip Foreman, the chairman, said: "We have to tailor our output, particularly of aircraft, to match the order book in a volatile world market. The present discussions are merely precautionary in case we have to introduce any variations in the working patterns."



The Card in their hands means greater control in yours.

The American Express Corporate Card System.

Company penny-pinching on expenses can hamstring your travelling employees. But every unnecessary pound spent on expenses is a pound off the profits.

The American Express Corporate Card system frees your employees from financial worries when they are away, while it increases your control over their spending. Your company wins both ways.

The key to increased control

The American Express approach to the management of business expenses couldn't be more simple. Once your company is enrolled, the employees you nominate are provided with the American Express Corporate Card. It gives them all the benefits of the Personal Card with one fundamental bonus for you. You get the tightest possible control over expenses.

They use the Card to take care of airline, hotel, car hire, petrol, rail, restaurant and other expense needs. The Card is valid around the world.

They sign for their expenses and you get uniform, detailed receipts of all the charges. There is a perfect 'audit trail' so you know exactly who has spent what, where and when. You hold the key to tighter control over expenses.

No worries about employee misuse

The Corporate Card has another advantage which distinguishes it from the Personal Card. Accept the American Express Waiver of Liability and your company is protected from employee misuse of the Card.

The Card allows employees to take emergencies in their stride; while your company is protected against unauthorised use under the conditions of the American Express Waiver of Liability.

Check before you pay

The system provides you with a Monthly Statement of Account together with Management Information

Reports. They give you at-a-glance coverage of the whole account and how each, and every, Card has been used each month. You have full control because every charge can be checked before it is paid. The American Express Corporate Card system is comprehensive but, with its wide variety of billing systems, it is flexible enough to complement your company's existing account methods.

Release working capital

Your cash flow is improved by the Corporate Card system because the majority of business travel expenses can be charged to the Card. There is no need to issue large floats and you are only billed after the expenses have been incurred. The working capital released is yours to re-allocate more profitably.

Cost efficient travel

The Corporate Card system is only one of the many financial management tools available to you from American Express Travel Management Services. We can help you formulate travel policies that will eliminate the hidden costs of ad-hoc buying. With the help of your people we can create the most efficient travel expenditure accounting procedures. And with a network of over 1,000 American Express Travel Service Offices around the world, nobody is better placed to get you the best deals on fares, hotels and the day-to-day necessities of travel.

Action it now

Find out how the American Express Corporate Card system can be tailored to meet your company's needs. Tear out this advertisement and ask your secretary to send it along with your business card to Roy Stephenson, Vice President Travel Management Services, American Express Europe Limited, Southside, 105 Victoria Street, London SW1E 6QX. Or ring him on 01-828 7755. He'll take it from there.



Clore 'planned to end Monaco tax exile'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SHORTLY BEFORE his death in 1978 Sir Charles Clore, the founder of the Sears Holdings empire, had been contemplating ending his self-imposed tax exile and returning to live in England, in spite of the tax consequences, the High Court in London heard yesterday.

Close friends and business associates of Sir Charles gave evidence that he always preferred England to Monaco, where he had taken up residence to avoid UK tax.

Their evidence was read to Mr Justice Nourse, who is being asked

by the Inland Revenue to rule that Sir Charles Clore, the founder of the Sears Holdings empire, had been contemplating ending his self-imposed tax exile and returning to live in England, in spite of the tax consequences, the High Court in London heard yesterday.

Close friends and business associates of Sir Charles gave evidence that he always preferred England to Monaco, where he had taken up residence to avoid UK tax.

Their evidence was read to Mr Justice Nourse, who is being asked

Banks 'limited' on high-tech support

BY DAVID LASCELLES

THERE ARE limits to how far banks can or should support technological innovation by providing finance, according to Lord Boardman, the chairman of National Westminster Bank, the UK's second largest clearing bank.

Responding to criticisms that banks are not doing all they might for small, high-technology companies, he said: "It is unrealistic for government and industry to suppose that banks alone can provide the entire financial support needed to bring forward a golden age."

Lord Boardman, who was speaking at a Cambridge seminar, the proceedings of which are published today, listed the three main charges that are usually made:

- That banks lack deep understanding of new technology;
- That they do not become sufficiently involved with businesses other than during the start-up stage

or when first approached for money.

- That their lending policies do not emphasise small businesses or high-technology industries enough.

He said banks took such criticisms seriously. "But we cannot, as bankers, forget the responsibility we have to all depositors who depend on the strength and stability of the banks for the safety of their assets."

Other financial institutions, such as pension funds and multinational companies, are better able to supply the equity investment that many emerging companies need. Banks also lay great store by the quality of management, and they cannot be expected fully to understand new technology (although they are researching improved services) or keep fully abreast of a single firm's progress.

Lord Boardman said "the crea-

tion of a thriving new technology sector" required greater co-operation between government, industry and the financial community. But he also cited three weaknesses common to many small firms: they rely too much on bank finance, their managements have poor long-term strategies, and the information they produce is not good enough either for their companies or their bankers.

Mr Kenneth Baker, Minister of State for Industry and Information Technology, said government policy was to support technology and encourage small firms. But its main responsibility was to ensure an economic environment in which entrepreneurs could operate freely. The principal role lay with small firms and their managers.

Financing New Technology, Cambridge Seminar, September 1984. Institute of Bankers, £4.25.

Delta's Medallion Business Class To Atlanta. Luxury At A Saving.

Business was never such a pleasure. Enjoy a choice of gourmet entrees and desserts. Elegant china service. Cocktails, fine wines, champagne, liqueurs.

Relax in the lap of luxury. New wider seats are long on comfort. Separate cabin area, with all 2-by-2 seating.

Priority disembarkation and baggage service. Increased baggage allowance. First Class accommodations with Sleeper Seats are also available.

Call your Travel Agent. Or call Delta in London on (01) 668-0935. Or call Delta in Frankfurt on 069 23 30 24. Delta Ticket Offices are at 140 Regent St. London W1R 6AT and Friedensstrasse 7, 6000 Frankfurt/Main. Schedules are from London and Frankfurt and are subject to change without notice.

Delta. The Airline Run By Professionals.

UK NEWS

Search for new ground in talks on coal dispute

BY OUR LABOUR STAFF

THE BEST hopes of progress in the renewed round of talks tomorrow between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) at the London offices of Acas, the government-backed conciliation service, is that both parties agree to the dispute shifting onto new ground.

Even if that hope is realised, however, it would be unwise to be over-optimistic. Both sides have enunciated principles at stake. The NCB has the right to close unproductive pits - heavily underscored in recent days by the Government.

At the same time the threat of a strike by the pit deputies, Nacods, receded yesterday after the union's leaders agreed with officials of Acas that they would be involved in tomorrow's talks. The strike threat will be held in abeyance pending a satisfactory outcome of these talks.

Mr Roy Oates, a member of the national executive committee of the NUM yesterday announced his immediate resignation from the union. He said he wished to dissociate himself from any move by the union to "float the law".

He is secretary of the union's 5,000-strong power group which represents mainly colliery craftsmen in the Midlands, and has been on the right wing of the 26-strong executive. About 80 per cent of his members are working in defiance of the union's strike call and he has favoured a national strike ballot.

He said yesterday he was not prepared to support the proceedings that are likely to take place in the High Court tomorrow - a reference to the expected non-appearance in court today of Mr Arthur Scargill, the miners' president, to answer contempt charges.

Other right wingers on the union's executive indicated last night they would not be following Mr Oates's lead. Although they sympathised with his feelings, they said it was more important to stay to bring in bear whatever influence they could.

In his talks with Acas over the weekend the NUM told Mr Pat Lowry, the chairman, and Mr Denis Boyd, the chief negotiator, that it wanted a new approach: an end to attempts to get a form of words in clause 3 (c) of the draft agreement, which would give the board the right to close uneconomic pits.

In its place the NUM has signalled its willingness to examine each pit which the board wishes to close on a practical case by case basis.

This has been the NUM's posture since the breakdown in the last series of talks three weeks ago, one which it has made clear to the TUC and the Labour party. It has point-

ed out that few (if any) employers have sought to conclude agreements with unions in which they insist on the express right to close capacity in principle and in advance: such issues are dealt with, conventionally, as and when the need arises.

This is a line of attack which the Acas officials put to the NCB on Monday in a face to face session with Mr Ian MacGregor the NCB chairman and his senior officials. In this conversation the first outlines of a possible deal began to appear.

If the board were to withdraw its insistence that an agreement be signed which enshrined - in some phrase the crucial word "beneficial" or "satisfactory" and the right to close loss-making pits, could then save the principle by putting in the final agreement an intention to continue to seek efficiencies in loss-making pits, continue to put up collieries for closure, and press the union hard for agreement on their closure.

A second element would then come into play, that introduced by the pit deputies union Nacods. The deputies have put as a price for calling off the strike for which they have a 92.5 per cent majority, agreement on a new colliery review procedure which would include an element of independent arbitration.

The idea is that this independent body would intervene in the closure procedure before it got to the board: a disputed closure would be considered by the arbitral body and its judgment would then be conveyed to the NCB members before they took a final decision.

Nacods's initial demand was for that decision to be binding; but it is probably prepared to compromise on a body whose judgments are advisory but to which both sides commit themselves to using their endeavours to obey.

Such a settlement would leave both parties free - the NCB to reject the advice to keep open a pit which it wished to close, the NUM to continue to fight against a closure where it thought capacity remained. Anything else would amount on its side to a "no strike deal" which Mr Arthur Scargill, the NUM president, and his colleagues would be unlikely to countenance.

There will have to be discussion over the terms of reference of this body - how far, for example, should its remit be extended to include non-industrial matters such as the effect of closure on a local community. Crucially, Acas yesterday promised to the Nacods leadership that it would keep it involved in the NUM talks bringing it in when the colliery review procedure was being discussed.

Radical plan backed by NCB directors

BY MAURICE SAMUELSON

A RADICAL new plan for breaking the deadlock in the coal strike is being canvassed among directors of the National Coal Board (NCB) for discussion at their next informal meeting this week.

It is designed to save some of the most profitable pits from closure without compromising the board's prerogative to run the industry on a commercial basis.

The plan is understood to have been drafted by one of the six non-executive directors who joined the board after Mr Ian MacGregor's appointment as chairman.

It involves the creation of a third body, independent of both the NCB and National Union of Mineworkers, to be responsible for running pits in areas where pits provide the main source of employment and whose closure would cause serious social disruption.

The author draws an analogy between the maintenance of such pits and the preservation of unprofitable railway lines and airline routes which serve outlying parts of the British Isles.

Although like Mr MacGregor himself, the NCB's non-executive directors were chosen for their com-

mercial acumen and track record, it is clear that some of them have become increasingly frustrated over the length of time that the strike has lasted.

As non-executive directors, they are said to feel responsible for offering fresh ideas to their full time colleagues as well as for wider discussion.

The latest scheme which has already been submitted in writing to Mr MacGregor, is based on the assumption that the coal industry, like any other industry, cannot surrender its right to take executive decisions, such as when to close capacity, without entirely losing credibility.

The proposed new body, however would be able to assess if closure would cause a unusual degree of hardship and whether pits should be kept open for social reasons, thus separating political and social accountability from economic accountability.

Although the full board normally meets only once a month, the directors have been kept constantly briefed about the progress of the dispute.

Strong public interest in BT share offer

BY CLIVE WOLMAN

MORE THAN a quarter of British adults say they are interested in buying shares in British Telecom (BT) with a minimum investment of £20, according to the results of an opinion poll released yesterday.

Government hopes about the level of private investor participation in the £2.5bn sale of BT shares next month have been further boosted by the number of inquiries from the public.

The British Telecom Share Information Offices in London and Bristol have so far received 700,000 enquiries. About two-thirds have been coupon requests for further information, and the remainder have been telephone calls.

The opinion poll was conducted one to two weeks ago by MORI (Market Opinion Research International) taking a sample of 2,000 adults in the UK.

The poll was commissioned by BT and its advisers as part of a market research programme to evaluate the £7.5m advertising campaign to bring the public in BT shares. About half the budget has been spent so far.

Mr David Clement of Kleinwort Benson, the merchant bank advisers to the Government and BT, said yesterday that he was "surprised and delighted" by the level of public response.

The Conservative Party at Brighton Government to bear bigger cost of policing pit strike

MR LEON BRITTON, Home Secretary, has announced a big increase in the Government's share of the cost of policing the strike by the National Union of Mineworkers (NUM).

He told the Conservative Party conference yesterday that the cost borne by any local authority would be limited, however long the strike lasted.

Any costs above a level set by the Government would be met in full by the Exchequer, he said. In Nottinghamshire, for example, this would mean a limit on policing costs of £900,000, in Derbyshire £825,000 and in South Yorkshire, £150,000.

Mr Britton was cheered as he held court at the "Central government has never provided financial help on this scale before. But it is right that we should do so now."

He was replying to a debate on law and order dominated by rank and file demands for tough action against miners' pickets. Several representatives echoed the Prime Minister's description of the strikers as "the enemy within." Others labelled Mr Arthur Scargill, president of the NUM, a fascist tyrant.

Mr Britton said the leaders of the Labour Party had chosen "to link arms with the enemies of democracy." The hallmark of Mr Neil Kinnock, the Labour leader, had been opportunism and his "stock in trade deviousness."

He challenged Mr Kinnock to tell Labour firmly and unequivocally that the law had to be obeyed, and tell the National Union of Mineworkers to end violence and intimidation or forfeit Labour support.

The miners' strike was an insidious threat to the rule of law. The presence of thousands of people on picket lines could only be intended to intimidate and coerce, and to use fear to smash freedom.

Thousands of pickets had attacked the police lines, but every miner willing to cross picket lines had been able to do so.

The police had received the Government's total support, and would continue to do so. The law of the land would be upheld, and the right of people to go to their jobs would be defended.

The strike was not an industrial dispute or even an attack on the Government, but an attack on the rule of law itself, he said. Miners' leaders sought only to win power to obstruct change and ruin economic recovery, to intimidate workers and their families, and to turn the country into a shabby look-alike version of the Eastern Bloc states they so admired.

GOVERNMENT supporters were urged to exercise restraint in responding to the extremism of Mr Scargill, by Mr John Gummer, the party chairman.

He gave a warning: "We must not be forced by Arthur Scargill's implacable political posture into the extreme response he longs to see. Firm on the essentials, we must seek to show our willingness to listen where there are real fears and justified concerns."

Mr Gummer avoided any direct reference to the recent criticism of the Government's handling of the dispute by Dr Robert Runcie, the Archbishop of Canterbury.

But the conference seemed to

Mr Britton said the Government would not allow left-wing police authorities to undermine police operations. The dispute had shown that Chief Constables needed protection against "politically motivated acts of spite."

Mr Britton told representatives who demanded new laws on picketing and public order that he was "ready to consider this." New laws might well have a part to play in the future, but there was no point in passing laws unless they could be enforced.

Mr Britton said the leaders of the Labour Party had chosen "to link arms with the enemies of democracy." The hallmark of Mr Neil Kinnock, the Labour leader, had been opportunism and his "stock in trade deviousness."

He challenged Mr Kinnock to tell Labour firmly and unequivocally that the law had to be obeyed, and tell the National Union of Mineworkers to end violence and intimidation or forfeit Labour support.

The miners' strike was an insidious threat to the rule of law. The presence of thousands of people on picket lines could only be intended to intimidate and coerce, and to use fear to smash freedom.

Mr Gummer avoided any direct reference to the recent criticism of the Government's handling of the dispute by Dr Robert Runcie, the Archbishop of Canterbury.

But the conference seemed to



Leon Britton: "Ready to consider new laws"

have no doubt whom he had in mind when he said he wanted to be "very straight with my friends" who had suggested that the government was somehow too hard and had called for a softer approach.

Mr Gummer declared: "There is no soft answer which would result in anything else but the loss of tens of thousands of miners' jobs, and even more tens of thousands of jobs in other industries which depend upon coal and the electricity which it produces."

MR NORMAN TEBBIT Trade and Industry Secretary, said last night that the "drift back to work of miners to pits would ultimately break the coal strike. "It must happen," he said. "We are prepared if necessary for it to take a very long time."

Interviewed on BBC television last night, Mr Tebbit's remarks did not appear optimistic over the new round of talks set for tomorrow,

Miners fuel the old Tory emotions on law and order

THE RELIGIOUS service which is held at the start of every Conservative party conference is normally seized on by the press as an opportunity to spend an extra half hour in bed, John Hunter writes.

In Brighton yesterday, however, the media was out in force to keep an eye on this ceremonial occasion. With Dr Runcie, the Archbishop of Canterbury, criticising the Government's handling of the coal strike we could not afford to take any chances with the clergy.

The revolt of the bishops, however, does not yet seem to have spread to the peaceful diocese of Chichester which embraces this part of the south coast. Prayers were offered up for justice and reconciliation and party members dolefully joined in the hymn "Lord of all Gentleness, Lord of all Calm."

This atmosphere of healing and reconciliation rapidly evaporating during the following law and order debate which concentrated on the policing of the miners' strike.

Needless to say the miners' president Arthur Scargill was a much more convincing Tory hate figure than Tony Benn, the Labour left winger who has filled that role for many years.

The high moral tone adopted during the denunciation of violence on the picket line was spoiled, however, by an event on the sidelines. Mr Hew Shooter, a party member who had planned to take part in the debate, was appearing in the local magistrates court where he was fined £200 for taking part in a midnight raid on the Campaign for Nuclear

Disarmament's (CND) 100 ft replica of a nuclear submarine on the Brighton seafront.

Apparently a gang of what CND described as "well dressed thugs" demolished this exhibit which had been intended to demonstrate the folly of the Government's policy on the Trident nuclear missile.

Mind you, a mere fine was nothing to the penalties being demanded by some conference speakers for those guilty of violence. The debate spilled over from the event of the miners' strike and occasionally came close to resembling those good old days of hanging and flogging controversies at the Tory conferences of 20 years ago.

Mr W. Costes proposing the law and order motion wanted "swift and mandatory punishment" for violent picketing, the abolition of social security payments for strikers' families and unions to pay the cost of policing their own picket lines. Not much sign of the healing touch there.

But the atavistic nerve of the party was merely struck by another speaker, a former policeman, Tom Butcher. Young people, he assured us, were best dealt with by punishment rather than reform.

As a young man, he confessed, he had always been an abolitionist, but now he had to concede that 90 per cent of the public wanted a return to capital punishment. This hearty stuff was too much for his audience. They jumped to their feet to give him the most heartfelt and spontaneous ovation of the day. Why, it was just like old times.

ADVERTISEMENT

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Southern Life — major expansion prospects after the recent merger

Neal Chapman of the Southern Life Association, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.

Rolfe: You have just merged Southern Life, a mutual association, with Anglo American Life. Why did you see the need for this merger and what significance does it have for the South African market?

Chapman: The trend in South Africa, Europe and the United States is for financial families to find logic, sense and advantage in coming together. The days when one was looking at banks competing with banks and building societies with building societies and trust companies with trust companies have undergone a material change, so that one is looking at financial families competing with financial families.

I think this is for two reasons. First, the need for product rationalization in the financial services business has become paramount if one is to meet the needs of the market and of the individual. Secondly, the advance of technology, particularly computer capability, is bringing about a changed point of sale and the opportunity to make more sophisticated products available. To live in the market of the future, and do so in such a way that you are serving the needs of your customer or your client, be you a bank or insurance company, it makes an awful lot of sense to rationalise products that work off a common electronic funds transfer system and a common network.

Rolfe: How big will your company be and what services will it offer?

Chapman: Exclusive of the new shareholders' funds, our is talking about assets well in excess of R2,5bn. The products and services provided by the Southern are both the traditional and the more sophisticated products, which these days are described as universal life or flexible products.

But in addition, the relationship between the Southern and its two new associates, the Anglo American Corporation and Barclays Bank, particularly the latter, opens the door for creative thinking in terms of services and products. So one foresees new products being added to the existing range, some of which may be packaged together with the banks' traditional products and services and then rationalising their presentation to the market.

Rolfe: What complications have there been in finalising the deal?

Chapman: I think the major effort went into what I might call the actuarial engineering of bringing together a very old, in South African terms, mutual life office with a wholly owned proprietary office. One wanted to achieve an amalgamation of the two companies and the introduction of shareholders in such a way as to bring about a partnership between the policyholders and the shareholders. The final outcome is probably the best of all worlds for both policyholders and shareholders. There is not a single category of policyholder in either of the two merging companies that will be in any way disadvantaged. In fact, the majority of policyholders are going to find, as they look through the details of the scheme, that their future expectations are both guaranteed to a greater extent than was evident before and enhanced in many respects.

Rolfe: Will you be seeking a listing on the Johannesburg Stock Exchange? If so, when?

Chapman: We went on the record, at the time of announcing the merger, that it is the intention to seek a listing for the new Southern. That remains the intention. It is also the intention to do so at the first appropriate opportunity. This is unlikely to be during the 1984 calendar year, but it will be at the earliest

Rolfe: Personal savings levels have fallen in South Africa, but the life insurance industry is growing at a rate higher than the inflation rate. Why is this?

Chapman: One can only speculate that this phenomenon is attributable to the aggressive marketing strategies and the ingenuity of life offices compared with those of, say, building societies, in South Africa. In recent years the investment returns achieved by life offices through good, active management of investment funds have been attractive to the man in the street. South Africa is a leader in world terms in sophisticated products and imaginative ways to invest funds on behalf of policyholders. Taken together this has enabled life offices to achieve significant growth even in difficult times.

Rolfe: What are your views about the sheer weight



Mr Neal Chapman

of institutional funds available for investment in property and equities in the South African market?

Chapman: I suppose it can be said that the weight of institutional funds available for the equity and property markets has served generally to underpin price levels. But, as we saw in the first half of 1982, and as we are seeing in the middle of 1984, this underpinning does not prevent a sharp fall when sentiments change. The South African market responds to the same investor sentiment as equity and property markets do in other countries, but perhaps it could be said that corrections and bear phases are more moderate as a result of that weight of funds.

Rolfe: How do you rate the South African insurance market relative to overseas counterparts?

Chapman: Product innovation, speed of reaction to new developments overseas and the links that we have with the UK, and indeed with the USA have been in the forefront of product design in the insurance industry in South Africa. To this one must add the competitiveness of the market here where we have seen strong and imaginative leadership in certain of the life companies which has kept the entire industry on its toes.

We have seen South Africa lead in terms of the inflation-fighter concept. Southern Life, many years ago, came forward with this and it is still one of the most popular concepts in our products. We have seen in the space of the last year or two months one flexible product after another coming onto the market, and these compare with the very best in the world in terms of sophistication, flexibility and imaginativeness. Whether one is talking about Anglo American Life's Master Fagg, or the Southern Life's Adaptor, both rate favourably with the best in the world at the present time.

Rolfe: How do you see your involvement in the black market?

Chapman: Let me begin by saying that The Southern Life Association Limited will make no distinction on the basis of race. Our full product range, which is aimed at the upper and middle income groups, will be available to the more sophisticated black market and has been available through both the merging companies in the past to this market. African Life, which is a wholly-owned subsidiary of The Southern Life Association Limited, is a specialist life office, which markets pertinent products to the traditional black market and will continue to do so. The black market in the long term is outstandingly attractive in terms of its potential and we are strongly aware of that.

Rolfe: What view do you take of your corporate responsibility?

Chapman: Our mission statement is as clear, I believe, as any mission statement could be on the subject. No business or company is healthier than the community in which it operates. There is a strong commitment to contact, to understanding, to sympathy, to empathy and to positive assistance where we can do so, to meet the heavy social responsibility that rests on all major companies in South Africa. We will endeavour to maintain sound relationships and to identify our organisation with the interests and the welfare of all the people we serve.

The Southern Life Association Limited Great Westford, Rondebosch Republic of South Africa 7700. Tel (021) 653002. Telex 57-27621

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Changing a culture

The rulebook makes way for risk-taking

BY JASON CRISP

THE comfortable and well-paid life of the typical British Telecom manager has been rudely interrupted by attempts to convert this entrenched bureaucracy into a fast-moving commercial concern.

Until very recently the BT manager could bank on steady promotion, little risk, and a guaranteed job until 65 followed by retirement with an inflation proofed pension. Now many managers over 50 are being forced to take early retirement. Key jobs are going to a new breed of keen young turks or to outsiders from private industry. And for the first time in living memory risk taking is encouraged, responsibility is being pushed back down the organisation and managers are being asked to manage.

As part of the old General Post Office, British Telecom was until 1969 a government department. Its management, its culture and its accounting systems were all those of the civil service and completely insulated for being thrust into the commercial world.

Changing this culture is one of the toughest challenges faced by any British manager. Customers, competitors and suppliers acknowledge their surprise at the speed with which BT has reacted to the new competitive environment. But inside BT there is turmoil, fighting and uncertainty as it tries to adapt to its new role.

Sir George Jefferson, who became chairman of BT four years ago, has reorganised the corporation, developed decision making away from the centre and permitted limited internal competition as a means of honing its very blunt commercial edges. The result, so far, is that there is very little sign of a clear strategy, but some deeply held attitudes within the company are beginning to change.

Deryk Vander Weyer, former banker and deputy chairman of BT, says of the old style: "Managers were less managers of a business than administrators of a central rulebook. It did not encourage managers to manage or to be in any way



entrepreneurial or responsive to customers. Decision making operationally should be as close to the customer and as close to the product as you can dare to put it. You get more responsiveness and efficiency if you devolve responsibility to people who understand the business at the front line."

The idea of decentralising and making BT more responsive to customers is far from new. As long ago as 1932 the Bridgesman report on the GPO said: "The centralisation of administration and the higher executive functions has tended to demote... the provincial staffs of real responsibility and authority, and has inevitably imposed an undue rigidity where, in contact with the public, flexibility is required."

Fifty years later BT is finally embarking on its first serious attempt to decentralise and break down the structure of a large and powerful central headquarters buffered from much of its line management by similarly large regional headquarters.

When Sir George first joined BT he was shocked by what he found. At the time BT had sales of nearly £5bn, was spending more than £1bn a year on fixed assets and employed nearly a quarter of a million people. Yet it had no effective accounting system, could barely identify its assets and had no real idea of where it made or lost money.

The BT board recognised that it could not decentralise without proper commercial financial controls and a new accountability system is still in the process of being introduced. It will be several years before the system

is good enough to give a proper divisional breakdown in the published accounts.

"Just to try to change your accounting system in a business structure that is reasonably stable is bad enough but to try to reorganise totally the business and at the same time develop a new accountability structure and financial management was no mean task," says Sir George.

The major part of the management reorganisation began in 1982 when BT was divided into four divisions. This was increased to five last year when the inland division was divided into national networks and local communications services. The structure now is: BT Enterprises. A new division set up late 1981 as BT's competitive arm for products and services. The majority of its sales are to other parts of BT which actually supply the products to the customer. It is responsible for product strategy of all customer equipment offered by BT ranging from large exchanges for business to telephone handsets for the home. BTE also supplies a number of specialist services from cellular mobile radio to the Yellow Pages directories. BT International. The highly profitable international division was the one part of the old organisation which was run with some independence from headquarters. It is responsible for incoming and outgoing telecommunications to and from this country.

Development and procurement. Last year spent nearly £1.5bn on behalf of BT. It is responsible for all purchasing other than customer equipment bought by BTE, from telegraph poles to System X telephones exchanges. Also responsible for BT's £179m a year research and development activities. National networks. Responsible for the trunk telephone network in the UK including private leased circuits and telex. Supplies large businesses with telecommunications equipment through major account managers. It also provides digital X-stream services to business. Total revenues last year of over

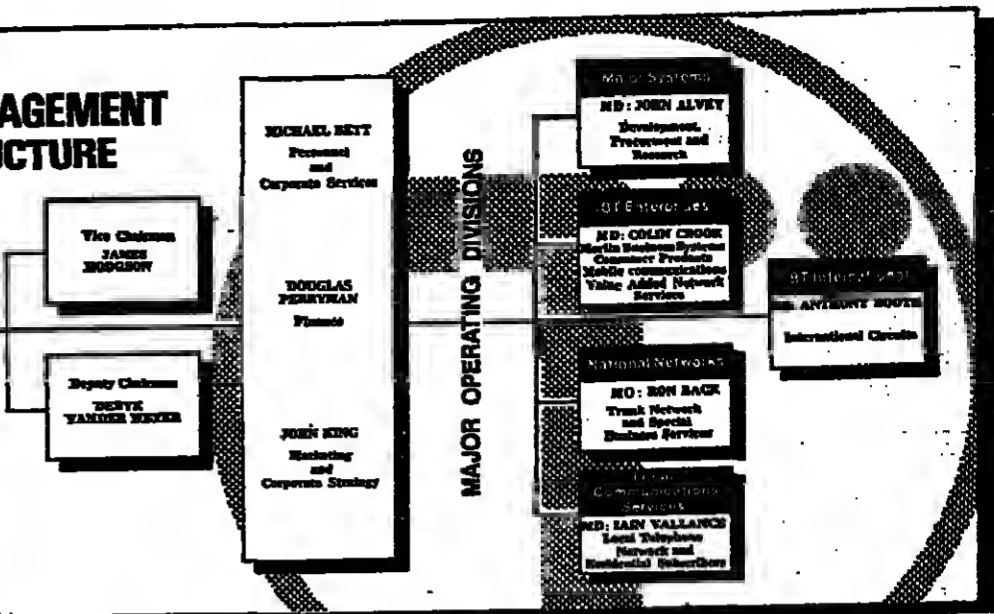
£2bn. Local communications services. BT's largest division by any measure. Employs over 200,000, capital employed is estimated at £6.5bn and has gross revenues of over £4bn. Runs the local telephone network including the provision of almost all customer equipment, billing, operator services and call boxes.

Most of the divisions have been making substantial changes within their individual organisations, creating profit centres and introducing marketing, a much-neglected art under the old regime. One of the results has been the creation of a marked tension both between the different divisions and between the headquarters and the local management. For example, BTE has had to fight its corner particularly hard. The conflict arises because BTE is responsible for choosing and pricing the products which National Networks and LCS are then responsible for selling. The local areas argue that often this is little different from the time when products and prices were imposed by central bureaucracy. Both National Net-



Chairman SIR GEORGE JEFFERSON

BT MANAGEMENT STRUCTURE



works and LCS have done deals directly with manufacturers which have caused considerable rows when it involved a significant product. Vallance, managing director of Local Communications Services, says there is a degree of creative tension between LCS and BTE: "The important thing is to make sure it remains creative and does not get silly. I think that the balance, after a running-in period, is fairly close so that we now have quite a strong input into the determination of BTE's product line."

Although it is the clear aim of the organisation to decentralise, there are certainly strong pressures to carry on making many decisions at the centre. Decisions deliberately being kept at the centre include capital investment, senior management appointments, government and public relations and major customer relations. The tensions between the centre and the divisions are particularly apparent where there are central functions such as personnel and marketing

which have company-wide responsibilities. John King, a former IBM executive who joined BT last year as board member for marketing and corporate strategy, believes there are several particular activities which have to be performed centrally. These include the establishment of uniform incentive schemes and career paths for salesmen, the co-ordination of market research and intelligence and the form of customer contracts. "Putting no finer point on it I would say we are in a period of trying to adjust the balance between what is sensibly devolved and what is sensible to remain at the centre," he says.

The tension is more noticeable in marketing as there was no central function until King was appointed. Sir George Jefferson says BT deliberately did not appoint a board member earlier because of the importance of persuading the divisional managers to develop their own marketing approach as a first priority in making the organisation more competitive. Deryk Vander Weyer says the

balance between the centre and the operating units is about right at the moment given the state of BT's accounting systems: "I think that as our information and accounting systems improve we will be able to go further down the line." But the greatest test of BT's ability to change its management style will come in LCS, for most customers the key point of contact with the organisation. "It's fair to say that if LCS sneezes, BT catches a cold. So if we don't get LCS right, we don't get BT right," says Vallance, who at 40 is BT's youngest board member. So far LCS has scarcely been touched. LCS consists of three tiers: headquarters, 10 regions (which were first established in the 1980s) and 61 local areas. "That structure is born and bred from monopoly," says Vallance. "It's a nice hierarchical bureaucratic type of structure, that has to be wound down." The major reorganisation of LCS has yet to happen and there are signs that it is proving difficult to agree. The intention is to reduce the size of the headquarters, to abolish the intermediate tier of regions and reduce the number of local areas. In place of the regions LCS is dividing the country into five territories. "They won't be organisations in their own right, merely extensions of the headquarters placed in geographical locations. They will be very small, each with less than 50 staff," says Vallance. The 61 areas are to be turned into 24 districts. This partly reflects the difficulty in recruiting enough general managers to run this sort of business. The new districts and the customer service areas beneath them will be computerised and they will be expected to build up their commercial muscles by recruiting sales, marketing and accountancy people. Vallance says: "A lot of the running of this organisation is actually very simple and straightforward. A lot of things that were lacking were straightforward bread and butter management. It is far too early to judge whether BT is achieving a genuine cultural change. BT senior managers acknowledge the organisation is still in a considerable state of flux and there are considerable tensions. Sir George Jefferson comments: "Clearly we are in a dynamic situation. I do not regard any organisation structure as being right for all time. We have to adapt to the changing environment and the market." I think the balance is not had. My present feeling is that I have to keep the balance right between the great enthusiasm who wants just to go off and do absolutely his own thing with no central oversight at all. And the other side who say 'oh golly, we must take this all back into the centre and keep control of it.' Only four executive Board members were with the organisation in 1979, not eight as was stated in the leader page feature on Monday, the first in this series. The next article will be published on Friday.

Regal Imperial

AMERICAN EXPRESS

People who know what's good for business

Fly Northwest Orient to the USA in the luxury of Regal Imperial service and pay your way with the American Express Card! From Copenhagen, Dublin, Glasgow Prestwick, Oslo, Shannon or Stockholm, you can enjoy the exclusive sleeper-seat comfort of our "Executive Suite" to Minneapolis/St. Paul, Boston or New York at ordinary business class fares. From Hamburg, Frankfurt or London Gatwick, there are sleeper-seats for all First Class passengers and the choice of special Executive Class seating zones on the upper deck or in the main cabin. Wherever you go, you'll enjoy freedom, flexibility and peace of mind with the American Express Card to pay for virtually all your travel expenses - in restaurants and hotels, for car hire, for shopping. People who know what's good for business, choose Northwest Orient and American Express!

If you are not yet enjoying the benefits of American Express Cardmembership, pick up an application form where you see this sign...

NORTHWEST ORIENT
The American winner.

Call any of our European offices -
London 01-29 5353
Amsterdam 020-140415
Athens 1-360 7936
Brussels 02-218 6262
Copenhagen 01-14 58 99
Dublin 01-71766

Frankfurt 069-23 43 44
Glasgow 041-226 4175
Hamburg 040-35 15 41
Manchester 061-499 2471
Milan 22-783 725
Oslo 02-41 20 10

Paris 1-247 13 41
Stockholm 08-14 38 80
Tel Aviv 3-295 153
Vienna 22-528 769
Zurich 1-251 2000

To... Anchorage • Atlanta • Billings • Birmingham • Boston • Chicago
Cleveland • Dallas • Denver • Detroit • Edmonton • Fairbanks • Fargo • Ft. Lauderdale
R. Myers • Ft. Worth • Grand Forks • Grand Rapids • Great Falls • Helena • Hollywood
Honolulu • Kansas City • Las Vegas • Los Angeles • Madison • Miami • Milwaukee
Minneapolis • Montreal • New Orleans • New York • Newark • Omaha • Orlando
Philadelphia • Phoenix • Portland • Rochester • St. Louis • St. Paul • St. Petersburg
San Diego • San Francisco • San Jose • Seattle • Spokane • Tacoma • Tampa • Tucson
Washington D.C. • West Palm Beach • Whangyoo... and the Far East

Skilled management is not a game but now it's something you can play

THE MANAGEMENT TAPE is a remarkable new management briefing system. On cassette. For managers who want to sharpen up their professional skills. For companies seeking to improve executive performance.

Without extra reading chores, this compact monthly tape makes it easy to keep right up to date on the information you need to advance in business. It can be used in the car during off-peak or unproductive driving time. Or in the office. Or at home. Anywhere a cassette player can be used.

Each monthly cassette brings a crisp and authoritative summary of what matters to managers. Current events and their impact on business. Developments in professional technique. New thinking on personal skills and careers. Frank analysis of real management problems. All brought together in one neat 40 minute package.

THE MANAGEMENT TAPE - a simple and cost effective aid to improved management performance.

Created by the British Institute of Management, the largest management institute of its kind in the world.

FREE TRIAL CASSETTE

We'd like to send you the first issue of THE MANAGEMENT TAPE completely free and without obligation so that you can hear it for yourself before deciding to subscribe. For details of this introductory offer EITHER Telephone 01 405 3456 OR complete and return the coupon. (No stamp needed in the UK)

RETURN TO: THE MANAGEMENT TAPE, FREEPOST, BRITISH INSTITUTE OF MANAGEMENT MANAGEMENT HOUSE, PARKER STREET, LONDON WC2B 5ER.

Dean Witter Reynolds Inc. announces that

Juan de Madariaga

has been elected Senior Vice President and Manager of International Commodities.

Dean Witter Reynolds Commodities Inc.

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

£50,000,000 Guaranteed Floating Rate Notes Due 1994 Series 91

Unconditionally guaranteed by THE KINGDOM OF DENMARK

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from 30th September 1984 the Notes will carry a rate of interest of 10 1/2% per annum. The relevant interest payment date will be 15th January 1985. The Coupon Amount per £5,000 will be £138.42 payable against Surrender of Coupon No. 4.

Hambros Bank Limited Agent Bank

ENERGY RESOURCES & SERVICES INCORPORATED

Net Asset Value 30th September 1984 \$7.26 per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value 30th September 1984 \$2.42 per share (unaudited)

PAN-HOLDING

societe anonyme Luxembourg

As of September 30, 1984, the unconsolidated net asset value was US\$153,441,739.55, i.e. US\$219.20 per share of US\$50 par value.

The consolidated net asset value per share announced as of September 30, 1984, is US\$223.48.

U.S.\$60,000,000 (Formerly SPARBANKERAS BANK) SUBORDINATED FLOATING RATE NOTES DUE 1990

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from October 9, 1984 to April 9, 1985 the Notes will carry an interest rate of 12% per annum. The interest payable on the relevant interest payment date April 9, 1985 against Coupon No. 5 will be U.S.\$308.23

THE CHASE MANHATTAN BANK, N.A., London Agent Bank

THE ARTS

Television/Christopher Dunkley

Long live this British 'crisis'

A fascinating paradox characterises current British television: on the one hand there is a perpetual feeling of crisis...



Tim Curry, Dermot Crowley and Debby Bishop in 'Blind Money'

Now, with the BARB figures showing that viewers are watching a record amount of television (22 hours 19 minutes per week on average)...

business for 15 years it seems clear that although there have been previous alarms and excursions today's permanent sense of foreboding is something new.

was won by The Tragedy of Carmen which, although it was entered officially by Antenne 2 of France...

of its set-piece dinner party scenes. And although The Glory Boys had a few moments of impressively filmed fast action...

Connolly with a blow-doll. Even though producers June Roberts and Jo Apter should have had the courage to take 20 minutes out of it and turn it into one of the slickest, tightest, fastest bits of television ever...

Then last night BBC1 showed the last part of its new adaptation of The Invisible Man, a story you might have thought had been done to death by cinema and television until you saw this production by Barry Lettis...

For were the notable programmes all drama, BBC2's Do They Mean Us? is not only a bright idea—to show us how foreign correspondents report Britain to their home audiences—it is presented by former Fleet Street editor Derek Jameson who sounds like a shrewd harrier...

Commercial Breaks, also on BBC2, gave a fascinating (and, to those of us who work in Fleet Street, cautionary) glimpse of the personal and personal touches of Robert Maxwell. River Journeys brought beautiful pictures of the Nile and from Brian Thompson a thoughtful and literate script which would simply never reach the screen in most countries...

Having refused with the other British critics to vote in this award because there was no check on who watched what, and having happily seen the festival's General Assembly decide to abandon the critics' award after only a two year experiment, there was a certain paradoxical satisfaction in seeing the second and last such prize going to the right programme.

Fire-Eaters/Croydon Warehouse

Martin Hoyle

The fire-eaters of the title are redundant North Sea trawlermen fished up on the Marcellus waterfront and downing cheap wine and meths as they stagger, demoralised and unrooted, through their tricks.

Two English photographers converge on them: Jim, for one of his colour-supplement features on the world's suffering, and Donald for a background to the sumptuous fur coat modelled by his glamorous black assistant.

The two were once friends and rivals. Most of Act 1 is a flashback—not too sharply differentiated from the present in Pip Broughton's Warehouse production—to their college days in Blackpool, of all unlikely places.

But at the most recent of these fairs, a few days ago, business and pleasure, or rather commerce and culture, were happily mixed. While shopkeepers and merchants flocked into the big Conference Centre, are lovers were able to inspect a very different display of gold and silver (and ivory and bone) objects in a small wooden structure in the Centre's compound, specially constructed for the occasion.

trouble for the employers, asping a wounded Jim in some unnamed war-zone. Her unceremonious photo-journalism story for his photography course. References to pirates and Treasure Island underline the apparent message that professional photographers, whether of hattedists or plastic strawberries gleaming with glycerine and cups of glossy black treacle standing in for coffee, are manipulative and immoral.

His rigorous ideals forgotten, Donald, the unloving marriage of convenience to Jemma almost destroyed, is warped with artistic insecurity and professional guilt.

The oilpug depicts the assistant from Donald's Chelsea studio, fur coat impudently replaced by battledress, help-

trouble for the employers, asping a wounded Jim in some unnamed war-zone. Her unceremonious photo-journalism story for his photography course.

References to pirates and Treasure Island underline the apparent message that professional photographers, whether of hattedists or plastic strawberries gleaming with glycerine and cups of glossy black treacle standing in for coffee, are manipulative and immoral.

His rigorous ideals forgotten, Donald, the unloving marriage of convenience to Jemma almost destroyed, is warped with artistic insecurity and professional guilt.

Treasures of Italy/Arezzo

William Weaver

Though its church of San Francesco houses the great frescoes of Piero della Francesca, though it boasts a splendid Etruscan Museum and a number of other collections and buildings, Arezzo is a business town.

But at the most recent of these fairs, a few days ago, business and pleasure, or rather commerce and culture, were happily mixed. While shopkeepers and merchants flocked into the big Conference Centre, are lovers were able to inspect a very different display of gold and silver (and ivory and bone) objects in a small wooden structure in the Centre's compound, specially constructed for the occasion.

Long may the "crisis" in British television continue if it means work of this sort.

one hundred precious objects, almost all from the Museo Archeologico di Firenze. This Arezzo exhibition was all the more welcome because the Florence museum has been partially closed for many years, and only a fraction of its vast collection has been visible.

The objects—necklaces, buckles, combs hairpins—are mostly small, and require close inspection. Their designs are often Oriental in character, stylized patterns of palmets and sphinxes, Greek keys interlocked, suggesting that, almost three thousand years ago, the peoples of the Italian peninsula had links with peoples to the East.

The Year of the Etruscans has not yet begun, but already it has borne fruit. The authorities recently announced that in the course of 1985, the Museo Archeologico di Firenze will be completely restructured, and its invaluable—and virtually invisible—hoard will be on view in a logical and appealing installation.

On Your Toes

Galina Panova has taken over the role of the Russian ballerina in On Your Toes (at the Palace) for most performances (Doreen Wells appears twice a week).

But then the whole show divides unequally into two, a dull and twtry experience until the interval, under-cast and hardly of West End standard. Later, primed by the "On Your Toes" sequence, the performances take off and suggest what might have been.

Saleroom

A Royal Marcolini Messen chocolate and coffee service, produced between 1775-80 and still in its original case, was sold at Sotheby's yesterday for £22,500, over twice its estimate.



Tannhäuser/Covent Garden

David Murray

The Royal Opera's dull new Tannhäuser has acquired a new leading tenor; it doesn't seem to make much difference. Probably no vision of the opera could survive Kenneth Macmillan's Venusberg dances at the start, textbook sexual figures executed by cold-blooded liards, and Eva Randova's strident Venus doesn't raise the temperature by a single degree.

The new Tannhäuser, Spas Wenkoff, has his own solution to the riddle, which is to wear—throughout Act 1, and on all subsequent occasions when the picture changes—his—his—the fixed grin of an axe-murderer. This is not a good solution, though it is quite interesting. Closing one's eyes (instinctively), one discovered that Wenkoff's tenor has a good

virtile bite in the middle register, turns grey lower down and is inclined to cautious lunges at the top. During the first two acts one supposed him to be saving himself for the Rome attraction at the end, like many a distinguished Tannhäuser before him, but no; the voice simply failed to open, and none of the high points thrilled. It is a sturdy performance, of some intelligence, and other nights may go better.

Besides Miss Jones, Thomas Allen lent cultivated life to the charade with his Wolfram, though his time was not wasted in making anything of Act 1; the orchestra became palpably more alert with Elisabeth's arrival, but Davis bustled through the familiar processional music at the expense of its period pomp and flair.

Serkin/Barbican Hall

Max Loppert

The cycle of Mozart piano concertos on which Rudolf Serkin, Claudio Abbado, and the London Symphony are engaged, both in the concert hall and on record, has numbered some disappointing episodes during its slow progress—performances that made one unwillingly wonder whether the Serkin mastery had at last been dimmed by time and old age.

There are many ways of playing the E flat, that "queen" among the mature Mozart concertos, as Girdlestone called it. Lively, high-keyed responses—to the E flat buoyancy of the outer movements, to the C minor anguish of the central Andante—are more common

than Serkin's way, which appeared to prescribe Olympian calm throughout. "Appared," because the tempos for all three movements were each on the relatively slow side, allowing the pianist to spread out his phrases and his thoughts (and, in the slow movement, those of the wind consort) at leisure.

But, in fact, the thrill of this performance was derived above all from the most radiant differentiations of mood, style, and declamation beneath the sustenance of an Olympian facade. One hangs on every note that Serkin sounds: his ability to make beautiful surprises of the simplest interrupted or whole cadence, to conceive of and then render the music in phrases that lead on unbroken to others and to whole paragraphs, is on this showing undiminished. And the Serkin sound, that strong full bottomed, uniquely decisive

Arts Guide

Oct 5-11

Theatre

NEW YORK Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his 'imagined' girlfriend. Dot. (333 6224).

Chorus Line (Shubert): The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as solutions rather than emotions. (239 6200).

2nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Obeyesekere and David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (336 8108).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova turning her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 8834).

CHICAGO Candide (Goodman): The first musical produced at the Palace since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim. John Latouche and Richard Wilbur. Ends Oct 28. (433 3313).

The Nerd/Aldwych

Michael Coveney

I reckon that you will find The Nerd either very funny indeed or not funny at all. I found it very funny indeed. Rowan Atkinson is the eponymous nerd, a dispiritedly unfortunate chafic inspector from the American Mid West who arrives in the house of an architect to take up a standing offer of hospitality.

This Nerd who comes to dinner is a particular American type, according to the author Larry Shue. "There are no English Nerds" he proclaims confidently in the programme. I am not so sure, although I am prepared to admit that a Berk, a Herbert or even a Nerd-like figure is not quite the Nerd-like equivalent of Mr Atkinson's Rick Steadman.

Rick is a rubbery lipped squeaky-voiced specimen in half-framed spectacles (sticking plaster on the stems, natch) who enters as a green monster and proceeds to congratulate the other guests—a business man and his teacher wife—on their fancy dress. This couple have a destructive son who is frightened out of his wits by the infantile behaviour of the adults, especially of Rick.

Mr Atkinson uses his revue timing and natural oddity to suggest a strange, slimy, almost amphibian creature cursed with the sort of physical sloppiness that brings him back from the toilet with half a lavatory roll hanging like a tail from his trousers or finds him casually smelling his armpits and socks in a crowded room (was it Jonathan Miller who said you only did this sort of thing in the privacy of your own railway compartment?).

The Nerd expulsion plan involves a ritual dinner where, for the main course, the guests are required to watch an apple core turn brown. By now the Nerd has a bit of white shirt peeping through his flies and has had printed 20,000 cards announcing his new partnership with William. The pagan desert culminates, of course, in the Nerd leading the company in a silly war dance, a jumping conga of folk hitting their own heads.

Harry Ditson is sharp and witty (what else?) as the drama critic and Bridget Turner's teacher has a moment of glory when she patiently explains to the Nerd that she works with slow learners. "Who could they possibly be?" Rick seems to be saying as he points his inquisitive nose and rapacious upper lip in the direction of the next sucker, the next meal.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantime, London FSA. Telex: 8954871
Telephone: 01-248 8000

Wednesday October 10 1984

The Democrats in disarray

MR WALTER MONDALE did well, but not quite well enough. If, as seems likely, Sunday's debate on American television does mark the beginning of the Democrats' revival from the nadir of their fortunes, but if that revival is nothing like strong enough over the next month to wipe out President Reagan's lead, then Mr Mondale's quality as a candidate will be reassessed. The verdict is likely to be that, even if Mr Mondale's voice could have a more resonant ring, the Democratic party's difficulties are not caused by their candidate's personality. On the contrary, he has fought bravely, and with no luck at all, to overcome deficiencies in the party.

Nor is the party's decline to be explained only in terms of the old Democratic coalition having fallen apart to demographic or ethnic terms, or by the embourgeoisement of former blue-collar Democrats. Not even the now-fashionable talk of a political economy cycle—the latest jargon for Buggin' turo—satisfactorily accounts for the Democrats' disarray.

The fact is that the Democrats are disunited. They are in danger of losing not only their chance of recapturing the presidency, but also a substantial number of seats in both houses of Congress, because they have lost confidence in their own philosophy. Specifically, they are no longer sure they believe in one of the central tenets that united them under Presidents Roosevelt, Truman, Kennedy and Johnson; their faith in the efficacy of government intervention both to stimulate the performance of the economy, and to distribute its product equitably.

The Democrats, Mr Mondale said on Sunday night, believe in fairness. The trouble is that they are no longer quite so sure as they were that the government should create a fairer society. Mr Mondale was asked specifically what the role of the federal government ought to be in dealing with the economy and with what he has called "the new issues." His reply was noticeably equivocal. The federal government must work with cities, with minority leaders, with business. All sensible enough stuff, but hardly delivered as Lyndon

Shifting to a higher gear

IN THE past five years, many British companies, and the world of Mr David Walker, a senior Bank of England official, have "distinguished themselves as cost-cutters." The rewards are plain to see: big cutbacks of plant and labour have led to a steady rise in real returns on capital from 6 per cent to 1980 to 9 per cent in 1983. The company sector has accumulated progressively larger financial surpluses—rising to £7.9bn last year.

All this, coupled with productivity gains, sounds highly encouraging. It might seem that British industry has finally got its act together. Yet all is not well: in spite of improving finances, the total production of British industry is still some 3 to 4 per cent below the average level in 1979 and there has been a big expansion of North Sea oil since then. The Bank of England's recent musings are any guide: it is beginning to worry that UK companies have become too cautious, although the criticism is expressed in such traditionally soft-rope tones that it may have passed almost unheeded.

The fear is that the cost-cutting rhetoric, which played such a useful role during the recession may now be counter-productive. The time may have come to talk more of the need for expansion. Austerity, after all, is not sufficient in itself to guarantee future prosperity. Companies which no longer need to worry about keeping the receiver at bay appear slow to exploit better times. It would be a false economy, for example, to maintain for too long a tight squeeze on R & D expenditure that could stunt the development of new product lines.

Mr Walker detects a worrying lack of confidence that is needed to pursue sensible long-term strategies which impose high costs in the short-term. While more intense technological competition increases the danger of ignoring the long-term outlook, there appears to be an increased tendency of companies to focus on

THE "Relaunch of Europe" so grandly heralded at the EEC's Fontainebleau summit last June is turning out to be a messy one far from stately lurching down the slipway. The combined forces of the Community's foreign, finance and farm ministers met in Luxembourg last week, charged with resolving a range of vital issues which have bogged down the Community for the past months and years and embittered relations between members.

Their remit was, in effect, to tie up the loose ends left over from the much-vaunted political compromise reached at Fontainebleau. The package will term reduction in Britain's budget contribution with budget discipline, and an increase in EEC finances with enlargement of the Community.

One paper they achieved remarkably little. So what has happened to the big hopes of June? Is there a danger that the precarious Fontainebleau package will somehow become unravelled over technical detail? Inevitably, the primary concern in Luxembourg was the budget: how to control it, how to finance it, and immediately how to find the cash to prevent imminent bankruptcy. A close second came the far-reaching negotiations to finalise the terms for Spain and Portugal to join the Community, supposedly by January 1 1986.

Both in Europe and the U.S., the conservatives have shaken the old Democratic coalition having failed apart to demographic or ethnic terms, or by the embourgeoisement of former blue-collar Democrats. Not even the now-fashionable talk of a political economy cycle—the latest jargon for Buggin' turo—satisfactorily accounts for the Democrats' disarray.

The intellectual gap is on the other side of the Atlantic. The Labour Party has fallen back on the policies of desperation: "real socialism," rationalisation, the siege economy. In the United States, traditional despotic even the fiercest of the conservative Democrats, and in a spirit of pragmatism, the Democrats and the spiritual cousins in Opposition in Britain must find a deal that they have not yet been put fully into effect.

The intellectual gap is on the other side of the Atlantic. The Labour Party has fallen back on the policies of desperation: "real socialism," rationalisation, the siege economy. In the United States, traditional despotic even the fiercest of the conservative Democrats, and in a spirit of pragmatism, the Democrats and the spiritual cousins in Opposition in Britain must find a deal that they have not yet been put fully into effect.

The intellectual gap is on the other side of the Atlantic. The Labour Party has fallen back on the policies of desperation: "real socialism," rationalisation, the siege economy. In the United States, traditional despotic even the fiercest of the conservative Democrats, and in a spirit of pragmatism, the Democrats and the spiritual cousins in Opposition in Britain must find a deal that they have not yet been put fully into effect.

The intellectual gap is on the other side of the Atlantic. The Labour Party has fallen back on the policies of desperation: "real socialism," rationalisation, the siege economy. In the United States, traditional despotic even the fiercest of the conservative Democrats, and in a spirit of pragmatism, the Democrats and the spiritual cousins in Opposition in Britain must find a deal that they have not yet been put fully into effect.

The intellectual gap is on the other side of the Atlantic. The Labour Party has fallen back on the policies of desperation: "real socialism," rationalisation, the siege economy. In the United States, traditional despotic even the fiercest of the conservative Democrats, and in a spirit of pragmatism, the Democrats and the spiritual cousins in Opposition in Britain must find a deal that they have not yet been put fully into effect.

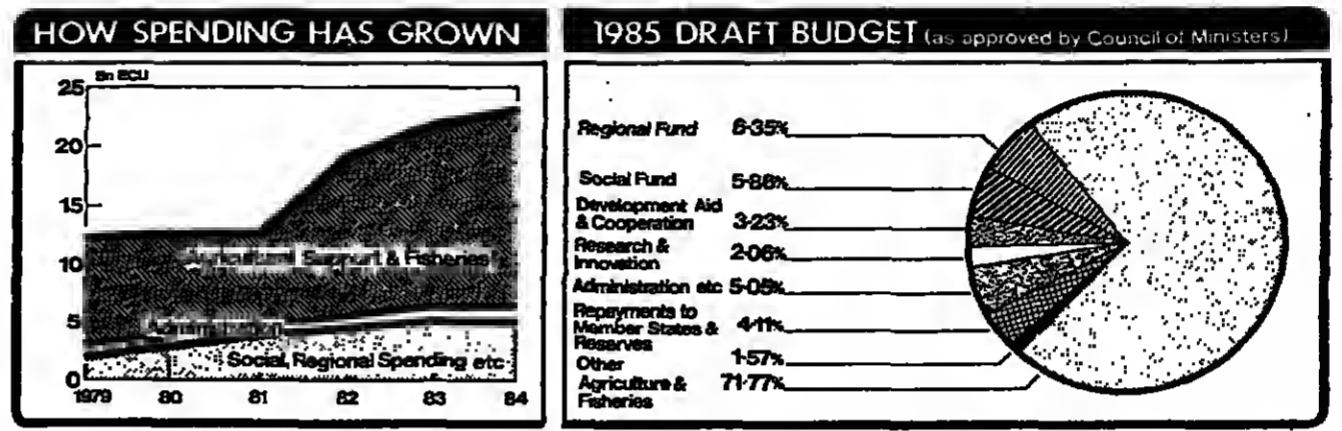


European leaders gathered at Fontainebleau, where the "Relaunch of Europe" was heralded

EEC finances

Still struggling on, despite the high hopes of June

By Quentin Peel in Strasbourg



The 1985 budget breakdown does not include provision for a further Ecu 1.315bn in agricultural spending and an Ecu 1bn reduction in UK contributions, for which finance has yet to be found.

once more. Budget discipline and future financing were not finalised, and Sir Geoffrey Howe, the British Foreign Secretary, insisted that he would withhold the extra British cash required until they were.

However, yesterday's decision by M Cot's committee to release the 1983 UK rebate means that one of Sir Geoffrey's preconditions has been met.

Perhaps more seriously, from parliament's point of view, the 1984 supplementary and the full 1985 budget still fail to cover the committed spending of the Community, leaving a gap of possibly more than Ecu 3bn for which finance has yet to be found. The deal did little more than paper over the cracks.

The thoughts of senior European Commission officials in Brussels are more cynical. "After some three months of agonising, intensive discussion and exploration of endless different formulae, the Council has taken the decision it could just as well have taken on July 1," according to one budget specialist. "The UK has attached the addition of one sentence to the declaration attached to the 1985 budget, promising to reduce its budget contributions."

"There is no agreement on budget discipline, and no agreement on how the extra 1985 money will be provided. It is an extraordinary way of wasting three months' diplomacy."

However, the achievements of Luxembourg, on the budget front at least, may be more real than appear, although their implications may not be quite what was intended. The most significant progress, for the long-range development of the Community, was that made by the finance ministers towards an agreement on budgetary discipline.

The inspiration behind this attempt to control the hitherto inexorable growth in EEC spending has always been twofold. On the one hand, all 10 member states recognise that resources are finite, and the system of deciding on policies first and arranging how to raise the cash later, is a recipe for bankruptcy. The new system would therefore set a financial framework first, and determine expenditure later.

The British argument has gone much further, pointing to agriculture as the prime offender, and seeking therefore to put special restrictions on the growth of farm spending, in order to effect a permanent switch in resources to other Community policies, such as regional, social and industrial spending.

The finance ministers went a long way towards reaching agreement on how a system of spending controls might be imposed, although the document they approved still faces serious reservations by both France and Denmark. But, in reaching a compromise, the aim of directing the whole EEC budget away from the Common Agricultural Policy (CAP) has become significantly diluted.

So far from enabling a switch of resources out of agriculture, the budget discipline deal threatens to freeze the current proportions of Community spending roughly where they are, even if it is watered down a little further to accommodate France and Denmark.

That part of the package is also threatening to cause a further confrontation between the Council of Ministers and the European Parliament, because it could cut across the one area over which MEPs have genuine responsibility. M. Cot and his colleagues, who meet in Strasbourg this week, believe the council is exceeding its powers in unilaterally fixing what amounts to a spending ceiling without consulting the Parliament.

The MEP's anger has been compounded by what they regard as a "nonsense" budget submitted for 1985 by the Ministers, because it leaves at least Ecu 2.3bn unfinanced. The gap—consisting of excess farm spending and Britain's promised budget rebate for 1984—could even top Ecu 3bn if deferred spending from 1984 and a likely shortfall in revenue this year is included.

In Strasbourg yesterday, members of the budget committee were discussing the possibility of rejecting the entire 1985 budget—

the most drastic power they have. The Ministers' failure to fix adequate finance for 1985 was a direct consequence of their inability to agree on bringing forward increased contributions to the Community budget.

It is West Germany which has insisted that no increase in contributions can be made until Spain and Portugal join the Community, because only then will the responsibilities of the European Commission be enlarged to justify it. Britain wants the extra money to be paid next year, so that there will be enough cash available to allow British contributions to be reduced by the Ecu 1bn rebate promised for 1984.

Although Bonn is somewhat isolated on the issue—it has the rather lukewarm backing of the Netherlands—the German Government has also alienated Mrs Thatcher's clothes by claiming to be the true upholder of the community spirit. Indeed, German officials maintain that if they relaxed their position, the negotiations with Spain and Portugal would lose what little momentum they still have, to enable enlargement to take place on January 1, 1986.

If it were not for that link between enlargement and increased revenues for the Community—to come from raising the so-called VAT ceiling from 1 to 1.4 per cent—there must be real doubt whether the talks would not be dragged out indefinitely.

Although all 10 member states pay lip-service to the political desirability of including Spain and Portugal, arguments are few and far between on the economic logic of the move.

The talks are bogged down on relatively straightforward issues such as the transition periods for phasing out protective tariffs on industrial goods (by Spain) and on Spanish agricultural exports (to Spain). The real problem areas concern Italy's resistance to control over the certain excess production of wine and olive oil and the incorporation of the large Spanish fishing fleet into EEC waters.

The Fontainebleau summit was noisily unrealistic when it instructed the Council of Ministers to complete their negotiations with Spain and Portugal by the end of September. It was already clear in June that the deadline was unattainable.

The combination of Bonn's financial arm-lock and the political incentives to bring Spain and Portugal into a wider Europe should ensure that progress is made eventually, although EEC traditions dictate that it will be later rather than sooner.

Britain's agreement on a budget deal for 1984 and 1985 was based on trust that West Germany would enable the British budget rebate to be paid in full during 1985, if necessary by bringing forward the increased VAT ceiling, but only once enlargement has been universally ratified.

But the danger, indeed the likelihood, of the Community continuing to limp from one financial crisis to another remains. The increased contributions are likely to be rapidly consumed by the 12 member Community. By 1988, a further increase in contributions will be necessary, and the whole question of Britain's budget rebates will be up for renegotiation. The path of Europe's relaunch remains littered with future obstacles.

Day in a doctor's life

A busy day for company doctor Ronnie Aitken yesterday. Proving that a career as a corporate sawbones can be just as hectic as 24 hours in the life of a casualty houseman, Aitken suspended a senior executive in one of his companies, joined yet another board, and finally witnessed the disposal of shares by another of the list of companies with which he is involved.

It sounds complicated? Well, this is how it went. Aitken has recently joined the board of Epsley Trust, a Birmingham building company founded and, until last month, headed by Ron Shuck, the property developer.

Shuck has been formally moved out of ET—but he has promptly repositioned by making a bid for the company himself. A degree of post-operative reaction seems certain in this case.

The next patient for Aitken's bedside manner was the camping and leisure products group, Campari, which looks in need of a substantial profits transfusion.

Finally, Aitken found himself in the consulting room with Mandarin Resources, a Far Eastern investment company where he is deputy chairman. Mandarin has sold a big chunk of stock in Bluebird, the bicycle maker, which has learned to pedal vigorously under Aitken's ministrations.

"Bluemel is one of my favourite babies," says Aitken. But he is not quite sure, nevertheless, where the shares have gone to, or at what price.

Men and Matters

but top executives attending their annual summit expect, and usually get, lavish hospitality. In Chicago, their American hosts have pulled out the stops. One night they dined in the spectacular hall of the Field Museum of Natural History with a dinosaur skeleton looking down upon them.

Next day they were taken to a Chicago concert conducted by Sir George Solti, followed by a champagne supper.

Haslam's problem is that next year the steel barons descend upon London, and the cash-strapped BSC will be responsible for the arrangements.

"How can we top this?" he asked during the Chicago festivities. Perhaps a trip to Scunthorpe...

Identity risk

While ICL waits patiently to be renamed Standard Telephone International Computers—or something like that—it should be thankful for perils avoided. Apparently STC thought of the data communications firm IAL, and then ICL, I learn from Computer News.

But when top advisers put the initials together the best they could come up with was Slac and Tiel.

Boesky's share

The appearance of Ivan Boesky's name on a shareholders' roll is a sure sign, if you did not know it already, that the company has become a "special situation"—in other words, it is liable to be taken over.

Boesky, aged 47, is one of the most powerful arbitrageurs clearly on to a good thing.

Cambrion yesterday sought £20m through a rights issue to fuel further growth, with Boesky and his family putting up over £5m for their full entitlement.

Cambrion has also intervened in another investment trust, Anglo-Scottish, which is due for reconstruction next week. Boesky, with a newly-acquired 15 per cent stake, may have other ideas—but predictions would be rash.

The signs are, though, that more British company chairmen may find themselves waking up to the news that Boesky has taken an interest in their future.

So far, the only significant UK takeover in which he has taken a hand was the purchase of Eagle Star by BAT Industries. But the rash of bid activity in London this year is said to have caught his interest.

Pie maker

Victorian technology, it seems, can still hold its own among the computer-controlled robotics loving the engineering industry.

The Bolton company, John Hunt, has just installed computerised machinery, in fact, to help its 40 workers cope with the increased production of its Victorian model pie-maker.

The hand-operated pie-maker, called Little Champion, has been little modified since the turn of the century. "But it's having a second childhood," says Spencer Cheatham, sales director and member of the family which bought the company 60 years ago.

Cheatham puts the surge in sales of the machine down to butchers trying to compete with supermarkets; and to the cost of school meals which has forced some schools to seek alternatives to meat and two veg.

More than 100 of the machines, selling at £325 each, have been put into Lancashire schools in the past two years.

Clearly on to a good thing.

Over-The-Counter Market? What information do you have on all the O-T-C companies... from comments we receive, not as much as you require. To fill this gap, Extel Statistical Services announce the launch of a new Card Service—the Extel O-T-C Service

For an annual subscription of £300 you will be sent:

- A set of cards giving historic and current information covering all UK companies traded on the O-T-C markets
- Weekly packets of updated information in the widely accepted Extel format of Annual and cumulative News Cards
- A service index updated as necessary
- Details of market makers
- Comprehensive information on all companies entering the O-T-C markets in the UK

PLUG YOUR INFORMATION GAP TODAY - MAIL THIS COUPON NOW

Extel Statistical Services Ltd, 37-45 Paul St, London EC2A 4PB. 01-253 3400
Arthur House, Chorlton St, Manchester M1 3FH. 061-236 5802.

Please enter my subscription to the O-T-C Card Service.
 Please send further information of your O-T-C Card Service.

Name _____
Position _____
Firm etc. _____
Address _____
Telephone _____

EXTEL is the registered trade mark of The Exchange Telegraph Company Limited

Observer

BRITISH RAIL

Tough haul on a tighter track

By Hazel Duffy

BRITISH RAIL has come a long way since 1982, when the whole future of the rail system was overshadowed by a series of strikes. At last it is coming to grips with its costs, both by cutting manpower and by using its rolling stock more intensively, and is on the way to becoming a model of how to run a railway in the face of shrinking financial support from a reluctant Government.

But it faces four main problems: a continuing fight with the unions over productivity and service cuts; doubts about how much more progress it can make in the face of Government determination to cut its subsidies; and loss—some of it permanent—of road transport of an estimated £150m in freight business as a result of the miners' strike; and ever increasing competition, particularly from the new generation of high-speed luxury coaches.

Two years ago, BR had few friends. It had won the battle over flexible rostering, but had to get back the confidence of freight customers—and passengers—in the railway network. The Government, meanwhile, was promising to tighten the purse strings, and refusing to approve a cost-cutting programme until it could be convinced that BR would deliver on productivity.

Now, although the miners' strike has cast a deep shadow over the freight business, the basic position is a good deal brighter.

provincial services—now have direct responsibility for revenue and costs. It is the first time that these have been brought together below board level, at the insistence of Mr Bob Reid, BR's chairman for just over a year.

BR's cheap fares promotions are helping to win back leisure passengers. BR is well ahead of its European rail colleagues in the flexibility with which it can change fares according to market demands and recently switched its advertising account to three agencies which will concentrate on more specific sector advertising. It wanted to do this in 1982, but was held back by the rail strikes.

Many of the plans now being implemented were formulated during the seven years Sir Peter Parker served as BR's chief executive. He faced strong opposition in a different political climate from the rail unions on issues such as flexible rostering, one-man operation of new commuter trains and lower manning on freight trains. The 1982 strikes forced union agreements on some of these changes, but there is still a long way to go on productivity.

In contrast to the flamboyant style of his predecessor, Mr Reid, 64, favours a low public profile. He has spent all his working life in BR, which has given him an exhaustive knowledge of how this complex business works.

Instead of trying to convert an unsympathetic Government and weary civil servants to BR's pressing needs for more investment, Mr Reid has tried to get ministers on his side by agreeing to a three-year reduction in the PSO (public service obligation), which is the total grant given by the Government.

All this progress, however, has not registered with all rail users. Take the commuter on Southern Region. Since the introduction of the new timetable last May, there has been a 10 per cent reduction in the south eastern and central parts of the region have declined. It is not only that there are fewer trains; there are more stopping services and the trains themselves are often shorter, which has led to complaints about overcrowding.



Bob Reid, chairman of British Rail

ive Committee, the official passenger watchdog, says: "I believe these reductions in the quality of service were the first signs that BR's new tighter financial targets are beginning to affect the passenger."

The basic question facing BR is whether it can maintain its progress when Government financial support for it will fall below £500m this year, reversing the upward trend in the PSO since 1979. By 1986, the PSO plus local government payments for railway services will be down to £700m (PSO—£250m).

BR originally planned to live within the £700m target by 1988 but Mr Reid agreed this tougher objective with Mr Nicholas Ridley, Transport Secretary, soon after he was appointed. Mr Reid believes that he can meet this cut in BR's life support by increasing revenue and reducing costs. The rail unions are certain that it cannot be done without cuts in services, possibly line closures, and that it will be high standards of maintenance. The suggestion that this could

Balancing the demands of the Government for more stringency and the unions for the preservation of jobs is a problem for any nationalised industry. In BR's case, the customer also has a central role in deciding the future of the industry. Even the normally captive commuter can now find alternatives to the train, with coach companies running peak-time services to and from London.

Mr Reid often stresses the extent to which BR is no longer a monopoly. It faces growing competition from long-distance coaches, mainly in the leisure market, as well as the car. In the business passenger market, the airlines provide an attractive alternative to the train over longer distances.

Competition against road hauliers for freight is even more intense. Modernisation of virtually the entire wagon fleet has brought 70,500 new wagons into service, about a fifth privately owned. This has enabled BR to break into a small part of the general freight market, traditionally taken by road. But the miners' strike is posing problems: it will have lost the stoppage revenue on coal—£150m in revenue until November.

Steel and ore movements are affected as well as coal—and these three top the list of bulk materials carried by rail.

The effect of the miners' strike on BR finances has not been as great as it would have been in past years, because BR started the year with good cash balances. These have been swollen since the sale of Sealink for some £55m.

If the strike continues, however, Mr Reid could find it increasingly difficult to keep before—and the bill will have to be met somehow. Mr Reid will be anxious that the investment programme is not damaged. Solutions might include permitting BR to borrow from the markets, and allowing big investment projects like electrification to fall outside the current government limits.

The slimming exercise might not be to everyone's liking, but other railways—also under pressure from their governments—are watching Mr Reid's managers with more than passing interest.

Wider UK share ownership

Privatisation alone is just not enough

By Edgar Palamountain

THE ENTERPRISE Oil share sale fiasco has inevitably deepened the shadow over the coming (and enormously costlier) public flotation of British Telecom; the Jaguar bonanza is barely relevant. The scale of the BT project always bears repeating: the estimate given for the value of shares to be made available is £4.1bn, by far the biggest issue the Stock Exchange has ever had to contemplate.

Senior members of the Government, from the Prime Minister downwards, have repeatedly affirmed their belief in the merits of wider share ownership. Privatisation of public enterprises has been seen partly—and understandably—as a key to the door. The idea that the citizen's portfolio should include shares in such basic national assets as the telephone system fulfils most of the criteria of wider share ownership. In an ideal world such a portfolio might indeed be dominated by stocks of this kind, alongside such private-sector investments as Sainsbury's, Marks & Spencer, ICI and General Electric. The best current guess, however, is that this is not going to happen.

Why? The short answer is that the habit of share ownership is still nowhere near widespread enough to provide the necessary framework. Despite media coverage of savings and investments on a scale which would have seemed inconceivable a generation ago, personal share ownership seems actually to have declined.

The obvious comparison to make is between the UK and the U.S.; these are the only countries which have a long tradition of share ownership, based on similar capital markets and on stock exchanges which were for the best part of a century far larger than any others in the world. The latest estimate of the number of shareholders in the U.S. is 41m or about 19 per cent of the population. The UK total seems to have fallen to 2.1m which is only 3.4 per cent. The holding of shares is therefore on this evidence five times as widespread in the U.S. as in the UK.

Some of the explanations given are hardly convincing. First, although Americans may as a whole be more adventurous, the popularity of racing, bingo and above all football pools does not suggest that the British aversion to risk extends to money. Second, there is not too much to the argument that shares are harder to buy over here; stockbrokers are admittedly less conspicuous but banks have always been open for stock exchange business. Third, the fiscal disincentives to share ownership have now (thanks to successive Chancellors but especially to Mr Lawson) been very largely removed.

Stockbrokers' commissions do admittedly make a big hole in a small purchase and could in future make a bigger one, but this never deterred the investors of the past and does not seem to deter the Americans. The explanations lie elsewhere. Foremost is sheer ignorance, born of a tradition that commercial activities such as investment were not a suitable subject for school curricula. This abstention has left the field open for the "traditional" savings media, especially the

less widespread in the U.S. There are no betting shops; indeed there is no official "off-course" betting at all. More important still, there are no football pools. In these circumstances the speculatively-minded citizen turns to the stock market—where the odds, of course, are far less heavily stacked against him.

Wider share ownership clearly needs a shot in the arm—or rather two shots, one financial and one educational. The financial incentive should not take the form of fringe benefits or other gimmicks linked to the shares of a particular company. The European Ferries concessions were a bad idea from the start, and so are the special inducements offered in connection with the BT issue. The use of public money to promote share ownership in general is one thing; its use to bribe people to take up a particular issue is quite another. What is required is a general tax incentive on the lines of the French Loi Monory (as now amended by the Loi Delors).

Privatisation has given the Government an unrepeatable opportunity for encouraging wider share ownership. But the achievement of this would require general education and publicity conducted over a longish period, so that the thousands of potential investors would be more likely not merely to take up the shares offered to them but to take them up responsibly, with at least some reasonable understanding of what they were doing.

The Government has clearly decided that the measures it has taken to this end over the BT issue are enough (or that it cannot afford more); and that this can be justified on the ground that BT holding shares are a "core" possession of which will of itself encourage holders to seek more enlightenment and make other investments. I shall be very agreeably surprised if the Government is right.

The author has been chairman of the Wider Share Ownership Council since 1970. He is a former chairman of the M & G Unit Trust and Life Assurance Group.

Why financial and educational incentives are needed

building societies which, being already familiar to very large numbers of persons and grandparents, have needed the education system to popularise them.

It is in this area of competing savings media that the comparison with the U.S. is indeed most apparent. Not merely are building societies far more of a "household" phenomenon than the parallel savings and loan associations of the U.S., but the other popular avenue—National Savings and the "post office"—has no serious competitor on the other side of the Atlantic.

The other rather striking contrast between the two countries occupies, as it were, the reverse of the same coin. Gambling, as we know it, is far

Protection for investors

From Mr H. Wigman

Sir,—There are too many instances where smaller shareholders, and creditors, are deprived of representation during a period when a public company may be suffering short-term difficulties: relatively few of them claim much public attention.

JM Bankers (and JM itself) is the latest case, and your correspondent Mr R. J. Davis argues (October 6) that case well: at least in that case JM survives shareholders have something and larger shareholders feel sufficiently strongly to be mounting opposition to effective dispossession.

Stone Platt is more notorious: the shareholders and most creditors were wiped out and, to their discredit, only certain major institutional holders were allowed—and accepted—any option to participate in its very limited reconstruction as Stone International.

Although Lex touched on this in his "management buyouts" comments with aptness (September 25), I feel inadequate stress has been placed on the lack of protection for minority interests in public companies, and in the instance of Stone Platt we have a salutary example of, to use Mr Davis' words, "daylight robbery."

When there is so much talk about investor protection, but so little done to allow—and for the smaller non-institutional investor anyway—the time has surely come for a more collective vigorous self-defence.

Letters to the Editor

clients lost money on the Arcow collapse, the half-forgotten Northern Developments scandal, or any other celebrity receivership in between.

I do believe that Mr Newhouse is lending important ventilation to the debate, because he is defending the status quo and using trusty old attitudes to do it. Very little in his letter requires denial or even comment, but his first point from which the rest flows, is wrong.

Paradoxically, the only significant source of initial risk capital available in the United Kingdom is the clearing banks. The venture capital industry is still immature and makes a negligible contribution to national start-up capital requirements. Most businesses funded from small beginnings spring by a loan made to an entrepreneur by his local bank manager.

By the time a business has grown sufficiently to qualify for the Stock Exchange official list, purchase of its ordinary shares by an institution cannot from any perspective be viewed as a risk investment. Buyers are entitled to rely on scrutiny of the company by the Stock Exchange and my theory which Mr Newhouse is still struggling to grasp, is simply that when a large concern fails, those who bought stakes in its share capital in good faith are entitled to be protected from the predators who gather to feast on the cadaver.

The fact that a receiver has power to hive down as a going concern all or part of a failed business, excluding unsecured creditors and shareholders, can give rise to suspicion in the minds of the losers. If the parts can flourish, perhaps the whole business could have been saved so that all concerned parties could recover their claims.

I am tenacious in my suggestion that some fetter on this sweeping power of receivers is necessary. The temptation to deal at the wrong price should not be allowed to arise, even if the individual stewards of a particular receivership resist it.

Martin Hodson, Warnford Court, Throgmorton Street, EC2.

Road accident rates From Mr J. Daniels. Sir,—Two points must be made in response to Mr Gill (October 5) regarding comparisons of British and German road accident rates.

To dispose rapidly of the first, I have on many occasions had the pleasure of sharing the driving of a car with "Macho" Marshall and can assure Mr Gill that in practice, if not always in the wording of his contributions, he is thoughtful and considerate, if quick driver.

More seriously, if we are to delve deep into statistical fringes, let us remember that West Germany today serves as a crossroads of Europe. It is not enough to compare native populations, whether of cars or people, to arrive at some kind of accident severity index. Unlike Britain, Germany is traversed every summer by hordes of Scandinavian and Benelux citizens on their way to sunny Italy, and by a steady stream of East European trucks fanning out towards the softer markets of the West.

Perhaps, since he clearly has access to German statistics, Mr Gill would like to tell us how many of the 12,000 fatalities on German roads involved Belgians, Danes and Swedes—or indeed the seemingly ubiquitous American servicemen? What allowance should be made in the statistics for the incidence of military traffic on German roads, which is far greater than we suffer in Britain?

Having said all that, I should add on a more personal note that I am frequently appalled at the aggression and chance-taking which I encounter on German autobahns. In most circumstances it more than compensates for the average German driver's excellent awareness of what is happening behind him. In this respect, the Germans seem to do well on the way to solving the problem: the rumoured introduction of new production models from Audi, BMW, Mercedes and Porsche, all capable of exceeding 150 mph with ease, will surely and finally bring the shutters down at 81 mph. The danger is that over-reaction to over-excess could see the autobahns subjected to a ruthlessly policed 52 mph (100 km); something the German enthusiast might ponder while he falls yet again to fasten his safety belt.

J. R. Daniels, 26, Withdean Avenue, Goring by Sea, West Sussex.

Tax reform is essential From Dr D. Pickard. Sir,—It is significant that the letters from Henry Law and Edgar Buck (Sept 29) on

local income tax and increased land values along the M4, both suggest the same solution, namely the taxation of land values. It is increasingly clear that many of our economic problems are the direct and indirect effects of our taxation system, and until politicians realise that tax reform is essential to economic recovery, the problems will remain. It is increasingly difficult to keep before—and the bill will have to be met somehow. Mr Reid will be anxious that the investment programme is not damaged. Solutions might include permitting BR to borrow from the markets, and allowing big investment projects like electrification to fall outside the current government limits.

(Dr) D. W. Pickard, Lane End Farm, Denton, Ilkley, West Yorkshire.

Criteria for job values

From Mr B. Fish

Sir,—Your report (October 5) of the equal pay bearing by an industrial tribunal in Liverpool gives rise to serious concern. A university lecturer appointed (significantly) by the conciliation service Acas, cites five criteria for comparison of job content and hence, presumably, of value. It is most disturbing that, in 1984, he failed to include the two of any real relevance, namely value added and supply and demand.

In respect of their applicability to the case under consideration in the report, failure to recognise these criteria in the real world of today would be disastrous. We would indeed then be back to the Clegg comparability nonsense which still account for much of today's unemployment.

Brian H. Fish, 14 Stoke Hill, Stoke Bishop, Bristol.

The tale of a price

From Mr J. Nichols

Sir,—Selected sentences from your article on the portable compact disc player (Page 1, October 3). 1—"The Sony player... will cost £163 there (in Japan)." 2—"The new player will be in British shops... at around £300." 3—"Compact disc player sales in the UK have lagged..." Am I imagining it, or is there a link between 2 and 3? And would it by any chance have to do with the greed of distributors who charge double for goods sold in the UK market? J. R. Nichols, Oakland, Forest Road, East Horsley, Surrey.

There's a four letter word used less often by Scania drivers.

Derv.

Ever seen a Scania truck actually taking on fuel?

They do of course, but it's less often than a lot of other trucks. Why?

Ever increasing traffic density, more and more sustained high speed running, and operator demands for more engine power with better and better fuel consumption, means constant engine development.

To meet these demands the Scania engine range includes three intercooled engines.

With very high, flat torque output, they give the driver maximum pulling power over a wide engine rev range. Plus a more relaxed drive, with fewer gear changes.

And that, of course, helps reduce that all-important fuel consumption. There's more good news. Scania trucks represent the ultimate in



tough and handsome cabs. The latest are available in three sizes, aerodynamically designed and contoured to give 20% less air resistance than previous models. Add Scania wind deflectors and air resistance can come down by 30%.

And lower air resistance means lower fuel consumption. Even then, that's not the end of it. The lowdown on Scania fuel economy goes on and on without a stop. Like our trucks.

SCANIA Whichever way you look at it.

Scania (Great Britain) Limited, Tongwell, Milton Keynes MK15 3HJ, Buckinghamshire. Tel: 0908 614040. Telex: 825376.

profit, ('profit) n. excess of revenues over outlays. Easily achieved by relocating to Scunthorpe and reducing overheads. [C14: from Latin profectus to progress rapidly].

For details telephone... 0724 869494



FINANCIAL TIMES

Wednesday October 10 1984

Skelmersdale
For full details on land, building and grants available, phone: Skelmersdale (0695) 32123.

David Gardner reports on the prospects for ratification of the five-nation Contadora peace treaty

Central America prepares for fateful day

OCTOBER 15 is fast assuming a D-Day like importance in Central America's wars.

It is the date that the revised Contadora treaty - an attempt by Mexico, Colombia, Venezuela and Panama to foster a negotiated settlement of the region's conflicts - is to be ratified by the five Central American nations which are party to it.

It is the day, according to Sr Daniel Ortega, the Sandinista leader, on which the U.S. will launch an invasion of left-wing Nicaragua, either through its proxy "Contra" forces massing on the Honduran frontier, or directly.

It is now the date fixed by President José Napoleón Duarte of El Salvador for his first peace initiative towards the left-wing rebels who have been fighting successive U.S.-backed governments for four years.

President Duarte's proposal, made in characteristic grandstand style to the UN General Assembly on Monday, took the rebels by surprise. They had received no official notification of Sr Duarte's suggestion, which is that he would meet insurgent leaders in the guerrilla town of La Palma, close to the Honduran frontier, next Monday.

Rebel leaders have reacted favourably, although with caution. "If Duarte is prepared to discuss the central problem of El Salvador, which is war and peace, then that would be a major advance," a member of the insurgent's political leadership, the political-diplomatic commission of the Revolutionary Democratic Front (FDR) said yesterday.

But for the initiative to lead anywhere, the FDR spokesman warned, the La Palma meeting would have to be the first of a series rather than a one-off publicity stunt.

The rebels believe that Sr Duarte is under growing international pressure to start the dialogue with the insurgents that he promised before being elected in May.

Rebel leaders deny reports of contact between government officials and commanders of the FMLN, the guerrillas' 12,000-strong army, saying they have dealt exclusively with the army high command - usually through the church but at least once directly - for the exchange of prisoners and wounded.

The biggest of such exchanges was due to be completed yesterday. The arrangement involved the flying out of the country of 60 FMLN wounded and the return of four cap-

tured rebel commandos in exchange for eight army officers. Talks on this agreement began last February and involved nine countries, including West Germany, France, Sweden and East Germany. Rebel leaders were nevertheless concerned to stress that the exchange was an example of the two sides in the war being able to reach and carry out agreement without foreign interference.

Sr Duarte's proposal is vague. It is also far from certain that a week is long enough to arrange the La Palma meeting. The rebel leadership will insist on adequate security guarantees and the attendance of their political, as well as military leaders.

Sr Duarte's remarks to the UN were addressed to the FMLN, while his contempt for the FDR - whose principal leader, the social democrat Sr Guillermo Ungo, was his running mate in 1972 elections, which they won but were defrauded of by the military - is well known.

In addition, some analysts believe that the Duarte move is intended to try to take pressure off the U.S., which has appeared hostile to the Contadora peace process since it looks to be on the point of achieving, its goal, at least formally.



Sr José Napoleón Duarte

In this analysis, Sr Duarte's approach to the rebels has two main virtues.

First, within Contadora's provisions for "national reconciliation," Nicaragua will come under pressure to make approaches to the "Contras," which it has vehemently refused to do. The Sandinistas re-

gard the 15,000 strong rebel force, made up in large part of former members of ex-dictator Anastasio Somoza's defeated National Guard, as an externally financed and led army which is in no sense part of the civil war.

Second, if this symmetry is established between the Contras and the FMLN, it will allow the U.S. to back Contadora but not implement its provisions, arguing that Nicaragua, the first country to endorse the treaty two weeks ago, is flouting them.

The treaty would require the U.S. to withdraw military advisers from El Salvador and Honduras, and to dismantle the forward base structure it has assembled in Honduras.

Explaining U.S. opposition to the Contadora treaty last week, a State Department official was quoted as saying: "We are not about to give Nicaragua veto power over American aid to El Salvador." While there is a slim chance that Sr Duarte's initiative may lead to substantive talks on peace in El Salvador, there is every likelihood that it will provide the U.S. with the opportunity to use the Sandinistas as justification for their essentially military response to rebellion in their Central American backyard.

THE LEX COLUMN

Round trips off Brighton pier

The base rate cut is almost as familiar a feature of the British Conservative Party conference as Elgar's Pomp and Circumstance, so it would be unwise to predict that this week will pass without the clearing banks giving delegates something to celebrate. But, after yesterday's money supply figures, a cut in rates could only be interpreted as political engineering.

A final verdict on the figures must admittedly await next week's breakdown of the monetary components and even then it will be impossible to assess the distortions caused by round-tripping. But, with all the seasonally adjusted aggregates showing strong growth during banking September and Sterling M3 nudging out of the top of its target range, a base rate cut can hardly be justified on monetary grounds.

All the preliminary evidence points to round-tripping in the bill market on a grand scale. On a seasonally adjusted basis, sterling lending rose by £1.5bn while the clearers reported no increase in the level of advances. The profusion of bills in the discount market and at the Bank of England probably accounts for the whole of the discrepancy.

But it is not clear how much of this bill finance has been placed on deposit, and so boosted bank lending, and how much has been used to reduce overdrafts. Nor is it the only conundrum. A PSBR of £15bn looks exceptionally high, while it is anyone's guess how much overseas gilt sales and the cashing in of tax certificates to finance FRET payments have distorted the underlying level of official funding. The Bank also refers mysteriously to an "exceptionally large positive interbank difference" which, in plain English, may be disguised bank lending.

Even by casting its net wide, the Treasury could have found little reason for a base rate cut yesterday evening. The Fed's decision to syphon funds from the money market had sent the dollar steaming ahead, sterling money rates had inched back up, and the Jaguar workforce had shown how much can be learnt from an offer-for-sale prospectus.

He said that a "significant minority" of accounts of Lloyd's insurance syndicates, into which the 23,438 underwriting members of the market are grouped, "are not in good enough shape" to satisfy the new accounting requirements. The delay was designed to allow underwriters to change their internal accounting systems to meet the new requirements.

Under the accounting reforms, Lloyd's, through a by-law, is insisting that accounts of the market's 430 insurance syndicates are prepared in detail and assessed by auditors on a "true and fair" basis. Standard accounting procedures are to be adopted replacing previous methods whereby different accounting methods were used throughout the market.

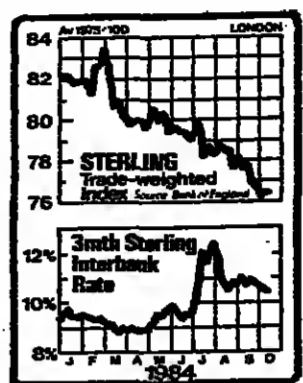
Mr Davison said that if the new accounting proposals were implemented immediately, he had received indications from Lloyd's auditors that 130 of the market's insurance syndicates might receive a qualified auditors' report to the accounts.

"We face a big educational problem and we have a long way to go. But two years ago these reforms would have been unthinkable in the Lloyd's market," Mr Davison said.

Records in some cases had not been kept with sufficient care by Lloyd's professionals to allow "true and fair" views standards of accounting to apply, he said. Lloyd's officials said that although underwriters had in many cases maintained the information required in the new accounting rules, the information had been kept private and not reconciled with the accounts presented to underwriting members.

Mr Davidson said that the Institute of Chartered Accountants' research department was carrying out a survey into the accounts prepared by Lloyd's underwriters. Syndicate accounts now have to be filed on a central register which is open to the public for inspection.

See Lex; Details, Page 24



For step indeed. The previous mish-mash of accounting methods not only undermined confidence among the underwriting members but did Lloyd's little good in the eyes of the authorities, particularly the Inland Revenue.

There is still a mountain of work to be done. Even the small circle of Lloyd's auditors acknowledge that 130 insurance syndicates would not have won a clean audit certificate under the new rules. But, most important of all, Lloyd's needs to show that the audit is conducted as independently as can be, free of any conflicts which may arise from an auditor's work elsewhere in the market.

Sears Holdings

If the market feels a bit disappointed with Sears, it is not being entirely unfair. Before non-trading items and tax, the six-month total is a bare £200,000 (\$245,000) higher than last year's £250,5m, and although the All-Shares is about a quarter higher than last October, Sears' share price is almost exactly where it was then; yesterday it fell 4p to 79½p, roughly ten times what most people expect Sears to earn in the full year.

The case in favour of Sears is that this year's result represents an improvement in earnings quality, having been achieved against a much less favourable retail background than the full-blown boom of early 1983, and with less help from capricious weather on the raccoons.

Sears can certainly point to improved results from its department stores and a move into profit from the Olympus sports shops. Against that, static profits from shoe retailing are hard to set in a favourable light. Butler Shoe has been a victim of the general softness in U.S. retailing this summer, with an 11 per cent profit drop in dollar terms. And in the UK the vogue for low-priced plastic "jelly" shoes cannot be doing much for net margins, whatever its effect on unit volume.

Altogether, the Sears share-price seems to be in need of more than solid results. Perhaps Sears should really try to buy Harrods or consider becoming the white knight of the white goods sector.

Lloyd's

The Lloyd's decision to bring its accounting practices into line with the world beyond its walls is a ma-

Egypt and Jordan in Arab unity talks

By Tony Walker in Amman

PREZIDENT Hosni Mubarak of Egypt held talks with King Hussein of Jordan in Amman last night in what is clearly the first stage of an attempt to create a "moderate" Arab front which could pave the way for Middle East peace negotiations.

Jordan is the first of the Arab countries which boycotted Egypt over the peace treaty with Israel to restore relations with Cairo.

King Hussein took the step despite bitter opposition from Syria and Libya. Syrian newspapers have called for the assassination of King Hussein for his "traitorous" act.

President Mubarak, who is paying his first visit to Jordan since taking over as head of state, heard King Hussein say at an official banquet that he wanted unity among the Arab states.

Arab power should be used in a "rational" and "organised" way, King Hussein said, stressing that his decision to restore relations with Egypt was not designed to divide the Arab world. He hoped his meeting with Mr Mubarak would lead to wider Arab co-operation.

The King has been accused of rupturing Arab consensus after his decision two weeks ago to re-establish ties with Egypt in the face of the Arab League boycott of Cairo five years ago.

But, while the King appeared to be challenging his critics, notably Syria and Libya, his carefully-worded speech was conciliatory in tone, emphasising the theme of unity among Arabs. He said that, despite differences in the Arab world, Mr Mubarak's visit demonstrated that Arabs "face a common threat and should have a common response to that threat."

King Hussein expressed support for the Palestinians and by implication criticised Syrian interference in the affairs of the Palestine Liberation Organisation (PLO). Jordan, he said, supported the PLO and its legitimate leadership in its struggle to maintain its independence of decision-making.

This was a clear reference to Syria's attempt to direct the affairs of the PLO through support for Palestinian factions based in Damascus who are opposed to Mr Yasser Arafat, the PLO leader.

Mr Mubarak is accompanied by a group of senior ministers including the foreign minister and the ministers of economy and of planning and international co-operation.

These ministers are discussing ways in which economic co-operation can be developed between the two countries.

Background, Page 4

Bonn plans to allow flotation of risk capital concerns on bourse

BY RUPERT CORNWELL IN BONN

THE WEST German Finance Ministry is pushing the finishing touches to a draft Bill enabling the flotation of venture capital companies to help to channel funds to promising small or newly established enterprises.

The measure, which could win Cabinet approval next month, has two main purposes: to make West German stock markets more attractive, and to meet the fashionable complaint that not enough has been done to foster smaller, technologically innovative companies vital for the country's economic future.

The venture capital concerns, according to Herr Hans Tietmeyer, State Secretary at the Finance Ministry, could be set up by banks, sav-

ings banks or chambers of commerce. Legislation would ensure that small investors who bought shares in them would have equal tax treatment.

Smaller companies in which the venture capital concerns take a stake will benefit by gaining indirect access to a market for long-term risk capital. The latter would only be entitled to raise funds by the placement of fresh shares.

To make the idea as appealing as possible, the Bill is expected to offer substantial safeguards for ordinary investors.

Although the exact minimum capital of the new companies has not been decided it will be fairly high, to deter the launch of dubious

schemes. Each venture capital concern will be required to spread risk by taking participations in at least 10 different companies.

Clear prospectuses and detailed reporting requirements will also be enforced to allow investors to gauge more exactly what risks they are taking on.

This latest initiative is part of a wider campaign by the Bonn Government to make life easier for smaller companies.

Two weeks ago the Technology Ministry announced a DM 500m (\$163.89m) programme to encourage research and development. To be eligible, a company must employ no more than 3,000 people and have annual sales of less than DM 300m.

Commerzbank leads public issue

BY JONATHAN CARR IN FRANKFURT

COMMERZBANK, one of West Germany's biggest banks, is heading a consortium to bring a company to the stock market - the first time the bank has acted as a new issue leader.

The move is a further sign of the steady expansion of the West German bourse after a long period of stagnation, and of the increasing contribution of the banks to the process.

Dr Walter Seipp, chief executive, said that while this was Commerzbank's first new issue as consortium leader (other members are Bayerische Vereinsbank and Merck Finck) others would follow.

The company to receive an official listing on the Frankfurt and

Munich stock exchanges on October 29th is Kronos AG, a Bavarian mechanical engineering group.

Kronos, a family business which has had the AG form (joint stock company) since 1980, is described as the world's leading supplier of automatic labelling machinery. It has about 70 per cent of the world market and a somewhat higher share than that in West Germany and the U.S.

It is aimed to raise DM 84.4m (\$21.0m) for the company, through an issue between October 17 and 23 of a nominal DM 7m worth of non-voting preference shares at a price of DM 480 per share. The majority of the capital will stay with the founding family.

Responding to press comments that the issue price seemed high, Dr Seipp stressed that Kronos, with a group turnover over DM 250m, was "a pearl" with a solid history of earnings growth and technological innovation. He also noted that the preference shares would be entitled to a higher dividend than the ordinary shares.

Kronos will be the tenth new company to receive an official bourse listing this year. Three other newcomers have also been admitted to the regulated "free market."

This already marks an advance on 1983 when there were 11 new issues which was seen as a striking advance after years of stagnation.

Emobonds, Page 36; Mexico's abortive loan deal, Page 5

Boesky's UK trust to raise £19.8m

Continued from Page 1

manship. In the past year alone, net sales in the ordinary shares has risen to 127p from 85p, and of the capital shares to 184p from 44p.

Publicity surrounding Cambrian's success has attracted U.S. investors into its stock, and U.S. ownership of votes now stands at about 33 per cent. If it rose to 50 per cent, Cambrian would become subject to taxation by the U.S. Internal Revenue Service and would thus lose the tax attractions which it affords because of UK investment trusts' exemption from tax on internal capital gains. The rights issue will reduce U.S. ownership slightly.

Although most of Cambrian's investments - in its own name and through a Bermuda-based trading

subsidiary, Farnsworth & Hastings - are in U.S. stocks, it was understood that the takeover of Britain this year has attracted Mr Boesky to take a greater interest in the London market.

Cambrian would not identify the house which will handle its two Euro-dollar issues - a \$60m 10-year unsecured borrowing and a \$50m seven-year note secured by a changeable basket of securities within Cambrian's portfolio.

The share issue is at 100p per ordinary share, compared with Cambrian's closing price yesterday of 100p, unchanged, and at 210p a capital share, compared with yesterday's 220p, up 1p. Shares not to be taken up by the Boesky group and

London and Manchester have been underwritten by J. Henry Schroder Wagg.

The rights issue heightened speculation about Cambrian and London and Manchester's intentions regarding Anglo-Scottish Investment Trust, in which they are both minority shareholders. Anglo-Scottish will hold an extraordinary general meeting on October 16 to vote on proposals to unitise part of the trust and divide the remainder into two new investment trusts.

Mr Robert Harris, senior partner of Seligmann, Frazer, Hambro & Co., a broker, said yesterday that Cambrian's fund-raising operations were unrelated to the Anglo-Scottish stake.

ICI looks for takeover targets

BY CARLA RAPOPORT IN TOKYO

BRITAIN'S Imperial Chemical Industries (ICI) is planning to increase its acquisition activity markedly over the next few years with the aid of a new top-level management team to be formally appointed this week.

The move is expected at least to double and perhaps to treble ICI's annual expenditure on acquisitions, currently running at between £70m and £90m (\$87m - \$111m) a year. The acquisitions will be aimed at continuing ICI's move into high value-added, marketing-orientated businesses, with a particular emphasis on expansion in the U.S. and Japan.

"We cannot rapidly change the shape of our business without actively going into acquisitions," said Mr David Nash, ICI assistant treasurer and soon to be appointed head of ICI's acquisitions team.

ICI's potential targets will be in line with its current businesses, ranging from paints to pharmaceuticals, as opposed to new areas of business.

Mr Nash said the group was particularly interested in identifying companies that may not be on the market but would none the less be a good fit for ICI. "We will be monitoring companies that look interesting,

as opposed to waiting for offers to come in," said Mr Nash.

The team will be most active in looking for acquisitions in agrochemicals, special chemicals, electronic chemicals, and advanced composite materials such as engineering plastics.

In the area of pharmaceuticals, the group will be interested in expansion through increased licensing of new drugs, but is unlikely to buy another drug company outright because of the unusually high prices in the sector.

ICI's team of persuaders, Page 17

World Weather

City	Temp	Wind	Cloud	Temp	Wind	Cloud
Algeria	20	64	10	22	72	10
Amman	18	64	10	22	72	10
Algiers	18	64	10	22	72	10
Ankara	15	59	10	17	63	10
Athens	18	64	10	22	72	10
Bahia	24	75	10	28	82	10
Bangkok	30	86	10	34	93	10
Batavia	28	82	10	32	90	10
Bombay	28	82	10	32	90	10
Buenos Aires	18	64	10	22	72	10
Calcutta	28	82	10	32	90	10
Cairo	20	68	10	24	75	10
Canton	20	68	10	24	75	10
Cebu	28	82	10	32	90	10
Colon	28	82	10	32	90	10
Hankow	18	64	10	22	72	10
Hong Kong	24	75	10	28	82	10
London	12	54	10	16	61	10
Lyons	12	54	10	16	61	10
Manila	28	82	10	32	90	10
Medan	28	82	10	32	90	10
Osaka	18	64	10	22	72	10
Peking	12	54	10	16	61	10
Rangoon	28	82	10	32	90	10
Singapore	28	82	10	32	90	10
Tientsin	12	54	10	16	61	10
Yokohama	18	64	10	22	72	10

Readings at mid-day yesterday. C-Celsius D-Dewpoint F-Fahrenheit P-Precipitation S-Sunshine

Wherever you're going, the going is easier with Tokai Bank.

Entering a new market? Trying to get the most out of an old one? Tokai can help. With 31 international offices and more than 1,100 correspondent banks, we give you fast access to a world of information and analysis. Our advice is tempered by over 100 years of experience. And we have the financial resources to put your ideas into action.

Tokai can also guide you through the intricate Japanese market. And because we maintain strong connections with the entire spectrum of business and governmental interests, we can offer almost unlimited access.

So for everything from local bond issues to global computerized banking, talk to Tokai. And see how we can make the going easier for you.

TOKAI BANK
The International Pathfinder

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, H.A.F. McCann, O.T.S. Danner, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd., 1984.

SECTION II - INTERNATIONAL COMPANIES
FINANCIAL TIMES

Wednesday October 10 1984



Steyr plans large group overhaul to cut losses

BY PATRICK BLUM IN VIENNA

STEYR-DAMLER-FUCHS, the Austrian motor and engineering group, which has made heavy losses in recent years, is to close plants and step up capital spending as part of a programme of rationalisation. The company is aiming to break even in 1986, and to pay a dividend four years later. Group losses last year totalled Sch 290m (\$13.7m).

The closed plants transferred to the remaining ones. The company has been making losses since 1981. In 1982 operating losses climbed to Sch 690m and then reduced to Sch 290m in 1983. Herr Michael Matzacher, general director, says that it is too early to predict how the company will fare this year.

The rationalisations will require approval from the workforce and some tough negotiating will have to be done since the company's work council has already said it will oppose closures. The company is trying to increase its share of the domestic market in civil and military products and to expand exports.

Oil service operators in \$600m fleet link

By William Hall in New York

ZAPATA CORPORATION, Houston Natural Gas and Halliburton, three leading Texas oil service companies, are merging their offshore drilling and supply boat operations in a bid to combat the depressed conditions in the offshore oil services industry. The deal is the latest move towards restructuring an industry which has been badly affected by cuts in oil exploration, debt-burdened balance sheets and high interest rates.

Conti-Gummi warns on French tyre subsidies

BY PAUL BETTS IN PARIS

FRENCH state subsidies to lamaduck tyre manufacturing operations risk causing severe distortions to a market already suffering from 10 to 15 per cent overcapacity, Herr Helmut Werner, chairman of Continental Gummi, the West German tyre and rubber products group, warned in Paris. Herr Werner, whose group has large tyre manufacturing operations in France, was particularly critical of recent French Government decisions to advance about FFf 1.2bn in subsidies to Sumitomo Rubber of Japan to aid its rescue of Dunlop's troubled French tyre operations and to advance FFf 4bn in the form of preferential loans by nationalised banks to Michelin, the leading French tyre group.

The West German executive claimed that French authorities had turned down approaches by Continental Gummi for comparable aid. "We were left alone to sort out our problems in France," he remarked. Continental Gummi, which markets its tyres under the Continental and Uniroyal marques, owns two plants in France and employs 2,800 people. Annual sales of the two French tyre plants total about FFf 1.2bn, of which exports account for FFf 788m. Its French operations are profitable at present.

Herr Werner pointed out that in Britain, Continental Gummi had managed to resolve its difficulties at its tyre plant at Newbridge in Scotland. The plant was originally designed for export production until the strengthening of sterling made it uncompetitive. The plant, however, had since found the necessary sales in the UK market to maintain its viability. Continental Gummi now expects a 4 per cent increase in group sales this year compared to 1983, despite the impact of the metalworkers strike in West Germany which cost the company DM 85m in lost sales, Herr Werner said. The West German group reported sales of DM 3,387bn (\$1.1bn) last year and now expects sales of about DM 3.5bn this year.

Earnings momentum retained at Abbott

By William Hall in New York

ABBOTT LABORATORIES, the fast growing U.S. health care products group, increased its third-quarter net income by 13.8 per cent to \$91.4m or \$0.76 a share. The Chicago-based company, which has reported rising earnings for more than a dozen consecutive years, experienced only a marginal rise in sales to \$731m in the third quarter and growth in operating earnings slowed to 8.3 per cent. Mr Robert Schoellhorn, chairman, said the company's hospital-related business was being affected by cost containment measures that have slowed hospital and related health care expenditure.

Television plays key role in sharp CBS profit advance

BY TERRY BYLAND IN NEW YORK

CBS, the leading U.S. entertainment and communications company, yesterday announced a 46 per cent rise in third-quarter net earnings, with the strong performance of the CBS television network a key factor. Net profits rose from \$33.4m or \$1.12 a share in \$41.8m or \$1.84, while revenues advanced from \$1,020m to \$1,190m. At the nine-month stage, earnings are 60 per cent ahead at \$176.5m, or \$5.58 a share, against \$109.9m or \$3.70. Sales so far this year, up from \$3,110m to \$3,580m.

Revenues advanced just 16 per cent. The CBS/Records group lifted operating profits by 52 per cent on a revenue increase of 13 per cent, reflecting a solid performance by new releases including works by Julio Iglesias and Bruce Springsteen. Publishing group profits rose 24 per cent on a revenue gain of 10 per cent, with educational, professional and magazine operations improving margins in a quarter that traditionally produces the year's highest profits. Losses at the Columbia group, which includes musical instruments and toys, were substantially reduced as revenues rose 41 per cent. Success at the domestic toy opera-

tions offset adverse market conditions at CBS Toy International. In the 1983 quarter the group ceased operations at its domestic video game software business. Mr Thomas Wyman, chairman and chief executive, commented: "We are very pleased with the continued growth and progress of our base business. Their competitive performance in most areas are strong and operating profit margins continue to improve." The television networks have traditionally brought in about 40 per cent of group revenues, but CBS also owns the world's largest record company, which is at present benefiting from strong sales.

International Paper lifts result

BY OUR NEW YORK STAFF

INTERNATIONAL Paper, the world's largest paper manufacturer, increased earnings 7 per cent to \$71.6m during the third quarter but expressed concern about results for the current three months. Sales for the quarter retained their momentum with a 9.4 per cent improvement to \$1.2bn. Earnings for the nine months are 4.4 per cent up at \$193.5m or \$3.49 a share on a sales gain of 10 per cent

at \$3.6bn. The last quarter includes \$16.8m from land sales, against a gain of \$123.7 in the last comparable period. Mr John Georges, president and chief executive, said, however, that the final quarter would be influenced by weak export earnings and the pressure of the strong dollar on lumber and plywood prices. Offsetting those factors would be the re-

cent start-up of a third machine at the Georgetown mill. Earnings at IP recovered strongly last year but the pace is now slowing down. Year-end earnings appear unlikely to match some forecasts on Wall Street. Meanwhile, Consolidated Papers, which concentrates on esamel paper for the printing industry, achieved a further substantial gain in profits in the third quarter.

Bid for Belgian publisher

By Our Financial Staff

HACHETTE, the French publisher, is to join forces with Groupe Bruxelles Lambert in acquiring the Belgian publishing group Dupuis for Bfr 1.3bn (\$2.1m). After the takeover, Hachette will have a 60 per cent stake in the publisher and GBL 40 per cent. GBL said yesterday that agreement in principle had been reached between all parties.

Eastern moves out of red in quarter

BY OUR FINANCIAL STAFF

EASTERN AIR LINES, the fourth largest U.S. domestic carrier, achieved a net profit of \$3.5m for the third quarter. That compared with a \$4.4m loss a year ago and was the first profit since the fourth quarter of 1982. At the operating level, profit was a record \$60.9m against a \$17.5m loss a year ago but the per-share figures showed a loss, down from \$1.25 to 7 cents, after undecleared preferred dividends. For nine months, the airline's net loss was \$48.7m, or \$1.09 per share, down from the \$128.9m, or \$5.49 a share a year ago. Revenues for the quarter reached \$1,090m, up from \$965m, taking the nine-month total to \$3,255m, compared with \$2,890m. Mr Frank Borman, president and chairman, attributed the improvement in the third quarter to strong traffic and reduced costs. "There remains a need for continuing cost re-

duction and productivity improvements," he said. "Because of our large concentration of flights on the East Coast we experience more competition from the low-cost carriers than any other major carrier. To compete effectively, our costs must continue to come down," he added. Publishing factors behind the nine-month deficit was a \$35.1m allocation to the employee share participation plan; an increase in costs, estimated at \$55m, due to air traffic control-related delays; and low yields resulting from severe competition. The recovery in the fourth quarter appears greater when allowance is made for the \$32.9m gain from the sale of tax benefits on leasing in the corresponding three months. Operating expenses in the quarter were up less than 1.5 per cent at \$1,030m. For the whole of 1983 the company lost \$183.7m.

IC Industries benefits from land disposal

By Terry Dodsworth in New York

IC INDUSTRIES, the U.S. conglomerate with interests ranging from railways to processed foods and Pepsi-Cola bottling, more than doubled third-quarter net profits, helped by a \$25.7m pre-tax gain from the sale of land in Chicago. Net earnings rose from \$19.8m or 45 cents a share to \$41.9m or \$1.06 in the third quarter, while sales rose from \$933.3m to \$1,020m. The company said five of its six subsidiaries reported strong improvements in earnings, with railroad activities, buoyed by the special gain, bringing pre-tax profits of \$35.6m against a \$3.2m loss. IC began to recover last year from a profits slump in 1982, and is in the process of acquiring Pneumo Corporation, another diversified group with interests in a mixture of aerospace, defence and food distribution businesses. In the first nine months of this year the group achieved net earnings of \$88.6m, or \$2.22 a share.

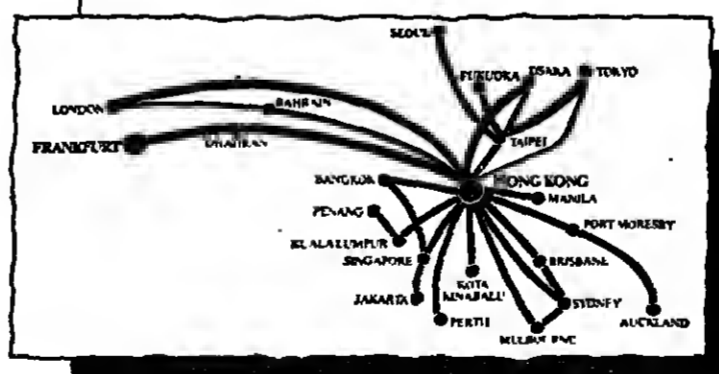
CHEMICAL GROUP GEARS UP FOR ACQUISITIONS ICI's team of persuaders

BY CARLA RAPOPORT IN TOKYO

WHEN A COMPANY with sales of \$3bn (\$9.9bn) a year announces a new acquisition strategy, one can almost hear the buzz created in merchant banks around the world. ICI, which this week announces the formation of a top-level acquisition team, is not very interested in hearing from merchant banks, however. "Money on its own is not necessarily enough to make a good acquisition," said Mr David Nash, ICI assistant treasurer, soon to be appointed head of the new three-person acquisition team, which will report directly to an ICI executive board member. "We have to be both monitoring the market and learning how to persuade someone to sell," Mr Nash said. Although ICI has long been active in acquisitions, having bought some 20 companies in the past two years alone, it has yet to develop any central, aggressive purchasing skills. The recent surge in chemical sales has generated a great deal of cash at ICI, however, so the group is well placed to begin developing these skills. With more than half of ICI's sales tied to heavily cyclical, commodity businesses, the impetus to reduce such exposure through acquisition has increased markedly recently. The group still expects strong organic growth from its pharmaceuticals and agrochemicals business, but would like to enhance the growth in specialised areas to gain more protection against new competition in its traditional chemical businesses, from energy-rich countries such as Saudi Arabia, and

not on the market," said Mr Nash. That might turn ICI into an unwelcome predator for a publicly listed company for the first time for decades. About 20 years ago, the group tried to buy Courtauld, but failed. More recently, a bid for Carde of Sweden fell through. "We do not want to get swamped by what comes in," Mr Nash said. At the same time, the new team will set up a centralised clearing house for those companies who buy other companies. "At least they will know who to call," said Mr Henderson with a smile. Mr Henderson pointed out that ICI might also be considering the purchase of a large group with an eye towards winnowing out the businesses it wanted to integrate and divesting the rest. "You can pay a lot for a pure pharmaceutical company, say, and it is very rare that you get 100 per cent of what you want," he said. As a result, the group will be monitoring larger groups with attractive subsidiaries as potential takeover targets. Mr Henderson gave a warning, however, that ICI must not expect too much from acquisitions. "This is not flavour-of-the-month stuff. Innovations and breakthrough products are still the name of the game and they will still come from internal growth. ICI's growth overall will still be largely internal," he said. "We are looking for acquisitions where we can add our technology or marketing edge to the party. We are already a massively diverse group, so we have lots of scope to improve," he concluded.

FLY CATHAY PACIFIC FOUR TIMES WEEKLY FROM FRANKFURT TO HONG KONG*



Once you have conducted your business, we'll fly you home in the same sumptuous comfort that has twice won us the title, 'Best Airline To The Far East'. Our flights leave Hong Kong every Tuesday, Thursday, Saturday and Sunday. Our new service is operated in conjunction with Lufthansa, offering you a daily service from Frankfurt to and from the business centre of the East. For further details contact Cathay Pacific Airways Ltd., Feuerbachstrasse 26, 6000 Frankfurt/Main 1. Tel: 069/720900.

Every Monday, Wednesday, Friday and Sunday, a luxuriously appointed Cathay Pacific 747 leaves Frankfurt for Hong Kong. Our unrivalled in-flight service, roomy seats and excellent cuisine ensure that you arrive in better shape, refreshed and ready for work. Unless, of course, you choose to stay with us and fly to one of our nineteen other ports of call in the Far East and Australia.

Arrive in better shape

CATHAY PACIFIC The Swire Group

INTL. COMPANIES & FINANCE

This advertisement complies with the requirements of the Council of The Stock Exchange of Great Britain and the Republic of Ireland.



Rowntree Mackintosh plc

£30,000,000

7% per cent. Bonds 1989

and Warrants to subscribe Ordinary shares

Issue Price of a Bond and a Warrant 100 per cent. of the principal amount of a Bond

The following have agreed to subscribe or procure subscribers for the Bonds and Warrants:-

J. Henry Schroder Wagg & Co. Limited

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Hill Samuel & Co. Limited

Samuel Montagu & Co. Limited

Morgan Grenfell & Co. Limited

The Nikko Securities Co., (Europe) Ltd.

Société Générale

S. G. Warburg & Co. Ltd.

The Bonds and Warrants have been admitted separately to the Official List of The Stock Exchange of Great Britain and the Republic of Ireland, subject only to the issue of the temporary global bond and temporary global warrant.

Interest is payable annually in arrears on 15th October in each year, the first such payment being due on 15th October, 1985.

Particulars of the Bonds and Warrants are available in the statistical services of Exel Statistical Services Limited and may be obtained during usual business hours up to and including 25th October, 1984 from the Brokers to the issue:

Cazenove & Co.

12 Tokenhouse Yard, London EC2R 7AN

10th October, 1984

Swedish steel group to sell assets worth \$80m

BY DAVID BROWN IN STOCKHOLM

AVESTA, the Swedish stainless steel group in which China may eventually take a major shareholding, is to sell most of its hydro-power assets for nearly SKr 700m (\$80m) as part of a broad-ranging restructuring plan.

"The main factor is to improve our balance sheet and solvency ratio," said Mr Jan Carlen, the managing director, yesterday. The sale follows a recent public offer of shares to raise SKr 308m.

After the disposal, Avesta expects to make a profit of SKr 175m this year (it lost SKr 102m in 1983) but says results will decline during 1985 and 1986 as the estimated SKr 600m cost of rationalisation is borne. It has already announced several major planned closures.

Ambrosiano considers merger

BY ALAN FRIEDMAN IN MILAN

NUOVO BANCO Ambrosiano, the Milan-based bank which was formed two years ago following the collapse of the late Sig Roberto Calvi's Ambrosiano group, hopes to merge with its La Centrale financial subsidiary.

Professor Giovanni Brazoli, chairman of the bank, says he would like to see a merger completed during the first half of 1985.

He says he is particularly interested in seeing Nuovo Ambrosiano obtain a quote on the Milan bourse. This would be a direct result of a merger with La Centrale.

Last July the board of Nuovo Ambrosiano gave a mandate to

the bank's top management to commission a study exploring prospects for a merger with La Centrale, in which it holds a 47 per cent stake. The mandate came after the Bank of Italy blocked an effort to sell La Centrale to a consortium of 20 Italian banks.

Making his first formal comment on the subject, Professor Brazoli said in an interview that a merger between the listed La Centrale and the unquoted Nuovo group (it is owned jointly by seven banks) was not the easier solution, but would nonetheless be a better one.

"The easier solution would be a quick sale," said the Nuovo Ambrosiano chairman. But he cited three reasons why a merger would be more desirable: it would prevent the group from losing control of La Centrale, which is a "valuable asset"; it would mean that Nuovo Ambrosiano would have an official stock exchange listing; and it would mean that the group would be owned not just by seven banks but by 50,000 small and institutional shareholders.

Professor Brazoli said the exploratory study would not be complete for some months, but in any case he hoped a merger could be achieved.

Roussel-Uclaf profits ahead by 64%

BY PAUL BETTS IN PARIS

ROUSSEL-UCLAF, the Franco-German pharmaceuticals group 54.5 per cent owned by Hoechst, yesterday reported a 64 per cent increase in first-half net earnings, to FFr 282.2m (\$30m) from FFr 170.6m in the first half of last year.

The rise in earnings continues to reflect the strong growth of the group's foreign sales, which account for about 70 per cent of group revenues.

Total group sales rose by nearly 20 per cent to FFr 5.5bn in the first half compared with FFr 4.6bn. Cash flow in the first half rose to FFr 452.1m from FFr 275.1m in the same period last year.

The company said yesterday that activity in the third quarter continued at a sustained level and that the outlook for the last quarter was satisfactory. However,

it expected second-half sales to increase at a slightly lower rate than in the first half. Credit Agricole, the big bank, is to raise FFr 3bn (\$320m) via the Paris capital market through a three-part bond issue. The bulk of the funding (FFr 2bn) will be in seven-year fixed rate paper with the balance spread between two sets of variable rate bonds.

Price war hits Brinkmann

BY RUPERT CORNWELL IN BONN

FIERCE PRICE competition and a contracting West German tobacco market are leading to heavy sustained losses at Martin Brinkmann, the cigarette manufacturer controlled by the Rothmans group.

The concern, whose share of the German cigarette market has slipped to 12.5 per cent from more than 14 per cent 18 months ago, yesterday reported a loss of DM 58.5m (\$19m) in the financial year to last March 31.

Mr Theo van Cortom, chief executive of both Brinkmann and Rothmans' European division, warned moreover that

Brinkmann would suffer a similar loss in 1984-85. Only in the following year would its accounts be back in balance, as cost cutting measures worked through.

The company is committed to reducing its workforce by almost a third by the end of 1985 to 2,150.

Banks link in finance services venture

By James Buxton in Rome

A GROUP of Italian banks has set up a company to specialise in financial services for the retail trade in which the French group Compagnie Bancaire Cetelem will have a significant minority stake.

The new company, Findomestic, will be based in Florence. Its Italian shareholders, which hold 65 per cent of the equity of Lika (\$2.7m), are the Cassa di Risparmio di Firenze, the Banco di Sardegna, the Cassa di Risparmio di Fivista and the leasing company Centro Leasing.

Compagnie Bancaire Cetelem will hold the remaining 35 per cent.

Findomestic will introduce into Italy financial services in the field of retail trade and distribution, and will operate alongside leasing and factoring services.

The involvement with the French company is another example of a trend in which Italian banks are forming joint ventures with French institutions to obtain specialised French know-how.

Last November, Banca Nazionale del Lavoro set up an operative leasing company with the French leasing company Innobell.

Cetelem, which operates in several parts of Europe, claims to be the biggest European consumer credit organisation.

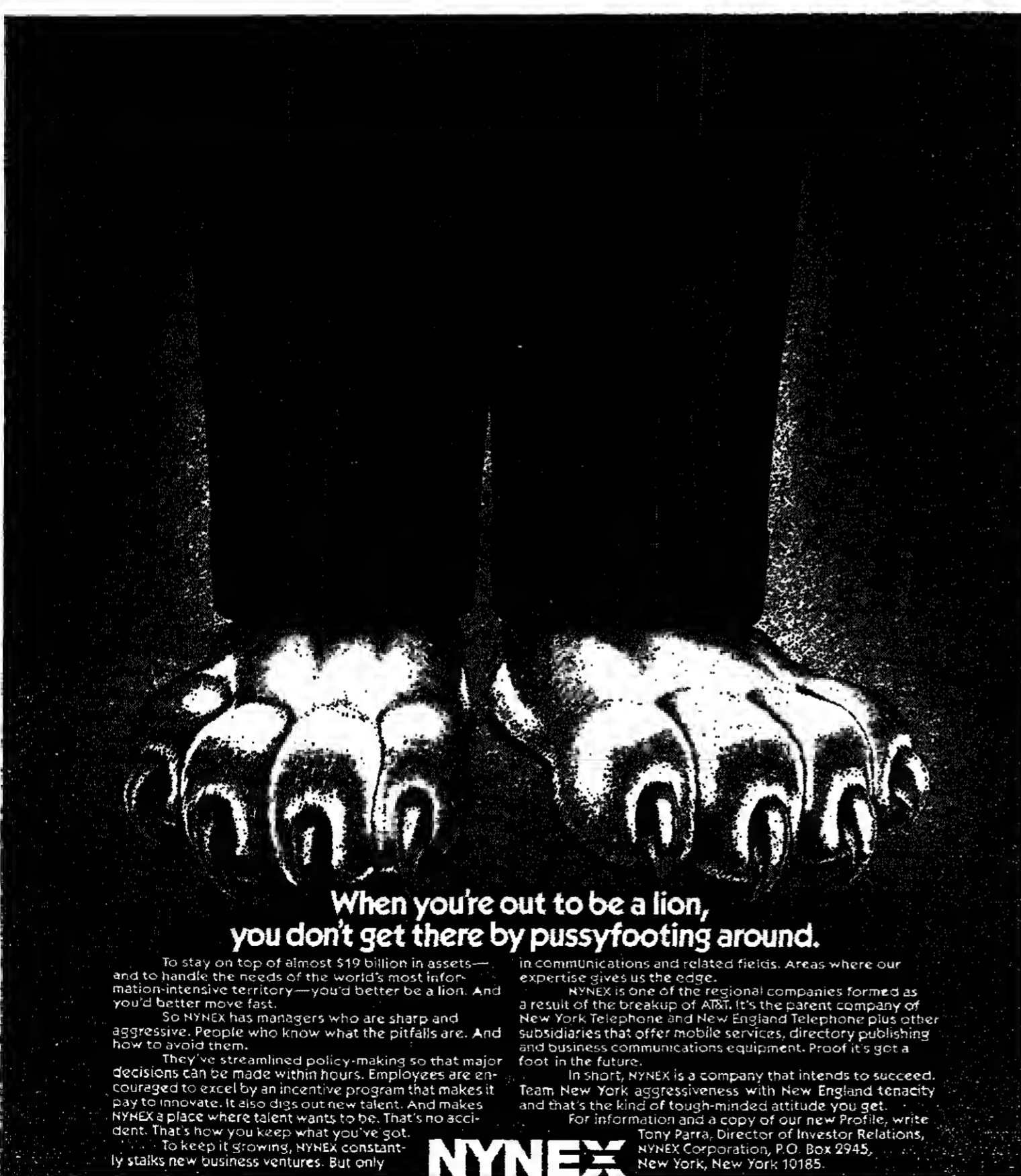
J. Lauritzen expects heavy deficit

By Hilary Barnes in Copenhagen

J. LAURITZEN Shipping Company, which operates one of the world's largest fleets of refrigerated vessels, expects to make a substantial loss in 1984 according to a half year report. In 1983 the company made a pre-tax profit of DKr 288m (\$24.8m).

Unfavourable market developments in almost all the sectors in which the company is engaged, together with the strong dollar, which has increased debt financing requirements, were blamed for a poor result. No figures were given.

The company said that the imbalance between demand and supply in its markets was likely to persist for up to two years.



When you're out to be a lion, you don't get there by pussyfooting around.

To stay on top of almost \$19 billion in assets—and to handle the needs of the world's most information-intensive territory—you'd better be a lion. And you'd better move fast.

So NYNEX has managers who are sharp and aggressive. People who know what the pitfalls are. And how to avoid them.

They've streamlined policy-making so that major decisions can be made within hours. Employees are encouraged to excel by an incentive program that makes it pay to innovate. It also digs out new talent. And makes NYNEX a place where talent wants to be. That's no accident. That's how you keep what you've got.

To keep it growing, NYNEX constantly stalks new business ventures. But only

in communications and related fields. Areas where our expertise gives us the edge.

NYNEX is one of the regional companies formed as a result of the breakup of AT&T. It's the parent company of New York Telephone and New England Telephone plus other subsidiaries that offer mobile services, directory publishing and business communications equipment. Proof it's got a foot in the future.

In short, NYNEX is a company that intends to succeed. Team New York aggressiveness with New England tenacity and that's the kind of tough-minded attitude you get.

For information and a copy of our new Profile, write Tony Parra, Director of Investor Relations, NYNEX Corporation, P.O. Box 2945, New York, New York 10115.

NYNEX

Tough demands breed tough minds.

© NYNEX Corporation 1984

Members Vancouver Stock Exchange, Alberta Stock Exchange, Montreal Stock Exchange, NASD/M



CONTINENTAL CARLISLE DOUGLAS
Vancouver, British Columbia, Canada
Established in 1930

CONTINENTAL CARLISLE DOUGLAS (UK) LIMITED
Dealers in all types of Canadian securities

12th Floor, Winchester House,
77 London Wall, London EC2N 1BE.
Telephone: 01-638 9545. Telex: 8613802.

Directors: A I Macphail, Chairman (Canada) - G R Fay (Canada)
D G Macdonald (Canada) - M J Blaber, Managing Director (London)

SAS

SCANDINAVIAN AIRLINES SYSTEM
DENMARK NORWAY SWEDEN

\$46,600,000/£31,900,000

Long-dated Currency Swap
due March 1990

provided by
CITICORP INTERNATIONAL BANK LIMITED

arranged by
CITICORP CAPITAL MARKETS GROUP



How The Morgan Bank concentrates on serving major corporations in the U.K.



Among the Morgan officers who collaborate to serve U.K. companies, are, at left: John McColloch, U.K. corporate banking, London; Stephen Kirmse, commercial paper, New York; Harvey Struthers, U.K. and Scandinavian corporate banking, New York. Center (all based in London): Charles Dumas, Morgan Guaranty Ltd; Deborah Barton, treasury; Andrew Cartwright, U.K. corporate banking. Right: Michael Doyle, mergers and acquisitions, New York; Oliver Parr, U.K. corporate banking, London; Lam Nguyen-Phuong, financial analysis, London.

The Morgan Bank specialises in meeting the needs of the world's major multinationals.

In the U.K. this means leading British corporations and the U.K.-based subsidiaries of U.S. and other foreign firms. Because of this focus we can combine the worldwide resources and knowhow of a major wholesale bank with the customer-oriented responsiveness usually associated with much smaller banks.

Corporate financial officers find a full range of financial and capital market services at Morgan.

We structure innovative financings in sterling, dollars, and many other currencies. We're a leader in interest rate and currency swaps, Eurobond issues, international treasury management, financial futures, foreign exchange options. Because Morgan is active in money markets around the world, we can advise on the right time and the right way to put together financings—whether long-, medium-, or short-term—at fixed or floating rates, and in the best currency.

Here are some examples of how The Morgan Bank serves U.K. clients.

□ Our London bankers work closely with a special

Morgan group in New York that focusses on the needs of U.K. companies in the U.S. market. Together we provide creative, tax-efficient acquisition financing, commercial paper advice and services, funding for capital needs through bridge loans, term loans, private placements. Recently we designed a new financing structure that enabled a U.K. multinational to buy a major U.S. company at a cost well below projections, completing a deal that might not otherwise have succeeded.

□ Our international capital markets arm, Morgan Guaranty Ltd, is headquartered in London and interacts with our U.K. corporate bankers. Morgan Guaranty Ltd is a major manager and underwriter of fixed rate, floating rate, and convertible securities in the Eurobond market, and a pioneer in interest rate and currency swaps, deferred rate settings, and the use of contingent securities such as debt and equity warrants. In the last year we completed more than a dozen capital markets transactions for U.K. clients.

□ Our U.K. clients can also call on Morgan's seasoned merger and acquisition officers in London and New York. Recently a British corporation wanted to sell a subsidiary.

Our bankers and M&A specialists provided a valuation using computer modelling, identified a U.K. buyer, and advised in final negotiations. Such deals within the U.K. are only part of what we do; our specialists have completed transactions between buyers and sellers all over the world.

□ Still another resource available through your Morgan banker: our corporate finance advisors. These industry analysts are skilled in specialties such as optimal capital structure, diversification strategies, and valuations for acquisitions, divestitures, or tax purposes. When our London experts were retained by a U.K. client acquiring a U.S. company, we analysed the client's strategic plan, prepared financial projections, and recommended a capital structure to minimise costs while maximising future flexibility.

Today The Morgan Bank serves most of the U.K.'s major multinationals, as well as many smaller companies that appreciate the high quality of Morgan banking. For more on how we can serve your corporation, write or call John K. McColloch, Vice President, U.K. Corporate Banking, Morgan Guaranty Trust Company, 1 Angel Court, London EC2R 7AE. Telephone (01) 600-2300.

Member FDIC

The Morgan Bank

INTERNATIONAL COMPANIES and FINANCE

Chris Sherwell reports on the formation of a powerful new publishing base

Singapore merger creates press monopoly

WHEN SINGAPORE'S three major newspaper and publishing companies announced a remarkable merger in July, the parties involved didn't know what they would call the new company, or even who would head it. The move precipitated some controversy, with journalists protesting volubly and many people thinking the powerful hand of the government was at work.

The merger document published last week, with Morgan Grenfell, the merchant bankers advising, reveals the long-awaited details. It goes to great lengths to explain the commercial logic behind what is perhaps Singapore's grandest-ever merger.

The new company to be called Singapore Press Holdings (SPH), brings together two sister companies, Time Publishing and Straits Times Press, with Singapore News and Publication (SNPL). Wages have already doubled the new company, effectively a Press monopoly, the Newspaper Authority of Singapore, an allusion to the Monetary Authority of Singapore, the government agency which controls the banking sector with a rod of iron.

SPH will have a market capitalisation of around \$1.4bn (US\$647m), making it Singapore's biggest industrial group. It will be the sixth largest company quoted on the Singapore Stock Exchange, behind Sime Darby, the Malaysian plantation group, and some of the very banks which will control it. It will also be the single largest media group in South-East Asia, rich in cash and with interests around the world.

Share exchange

The chairman will be Mr Lien Ying Chow, chairman and managing director of Overseas Union Bank, and the deputy chairman will be Mr Yong Fung How, chairman and chief executive of Overseas-Chinese Banking Corporation. Both banks are among the country's "big four". The chairman of Times Publishing, Straits Times Press, and SNPL will retain their positions, and the chief executive of the whole group will be Mr Lyn Holloway, the present managing director of Times Publishing and Straits Times Press.

The terms detailed in the document are substantially those of the original agreement.

Shares in the three companies will be exchanged for shares in SPH in proportion to the three companies' shares prices on June 18. At that date SNPL traded at \$88.80, Times Publishing at \$88.05 and Straits Times Press at \$81.1. The document states that these prices "reflect fairly" the earnings of the three companies.

SNPL shareholders, notably Overseas Union Enterprise and its associate Overseas Union Bank, will receive 1,000 shares of \$81 SPH for each 1,000 they own. Similarly, Times Publishing shareholders—notably Great Eastern Life Assurance, part of the OCBC "stable" of companies, and Telecoms, the government telecommunications agency—will receive 1,388 shares in SPH for every 1,000 held and Straits Times Press shareholders will receive 1,896 for every 1,000 held.

All shareholders will receive a handy second interim dividend upon completion of the deal in December. SPH, with an authorised capital of \$850m, will have a paid-up capital of \$243.25m.

Last week's document confirms that Straits Times Press has dropped plans to start an afternoon English-language

newspaper, and is reviewing plans to publish a Chinese morning paper. Both would have competed directly with existing SNPL newspapers. SNPL is meanwhile reviewing plans to publish a morning paper that would have taken on the mighty Straits Times.

Estimates published in the document suggest that shareholders in Times Publishing, Straits Times Press, and SNPL would all have suffered a substantial reduction in net earnings per share if competition between them had simply gone ahead. This is because of the effects on advertising revenues, promotional expenses and depreciation charges for duplicated equipment.

Competitive element

While both Straits Times and SNPL shareholders stand to see lower earnings after the merger, the document makes clear that even lower returns could have been expected if the two companies had continued with their separate and conflicting expansion plans.

However, this begs the question of what might have happened if one or other had simply backed down from a

costly circulation struggle, trimmed its costs or even been taken over by another company. These alternatives are not examined.

According to the document, the directors of the three companies "recognise the benefits of a competitive newspaper industry" and believe the merger can preserve a competitive element so that the individual newspapers will continue to compete with one another in the standards and quality of their journalism, and for readership and stories.

Nevertheless, it now seems likely that no two newspapers among the total of 10 being published will compete for the same market. Instead there will be an "upgrading of editorial content" and the development of "common ideas for newspapers."

As for the powerful new publishing base being created, the document offers no profit projections. But a pro-forma statement of estimated consolidated profits for the year to August 1984 for the three companies shows turnover of \$969.8m and group pre-tax profits of \$812.5m, of which 44 per cent comes from the giant Times Publishing.

Record net profits at Brierley Investments

By Dal Hayward in Wellington

BRIERLEY INVESTMENTS, the master company of Mr Ron Brierley with operations in New Zealand and Australia, has reported a record after-tax profit for the year to June of NZ\$46.6m (U.S.\$22.7m)—a rise of 84 per cent over last year's NZ\$25.3m.

A final tax free dividend of 5 cents a share is to be paid making a total dividend of 7.5 cents a share. The directors say they aim to raise future dividends to 10 cents a share.

Although the devaluation of the NZ dollar in July reduced profits by NZ\$1.6m and increased international debts by NZ\$5.2m, the contribution from Industrial Equity (IEL), the Australian subsidiary increased by NZ\$3.7m. There was also a gain of approximately NZ\$12m on the increased book value of IEL's assets expressed in local currency.

The company plans to raise NZ\$86m through a one-for-five rights issue at NZ\$2 a share. It also plans to make a one-for-five scrip issue.

After the new issues the paid up capital of the company will be NZ\$119m in 238m shares.

The issues announced yesterday are the largest ever made by Brierley but the directors say their size should be compared with the "obvious momentum of our increased scale of operations."

Pre-tax profit for the year was NZ\$111m compared with NZ\$95m in the previous year. Tax paid was NZ\$31.2m compared with NZ\$25.1m in 1983-84.

The report by the directors underlines the extent of Brierley's expansion during the past 15 months. Since June 1968 it has made 15 formal takeover offers, of which seven have been successful and two are still current.

Saudis plan flotation of industrial company

BY DOUG GRAHAM IN RIYADH

A PUBLIC EQUIVALENT of the essentially state-owned Saudi Arabian Basic Industries Corporation (SABIC) has been officially announced by Mr Abdul Aziz al-Zamil, the Minister of Industry and Electricity. National Industrialisation Company (NIC) will be capitalised at US\$171.4m.

The shares in NIC are to be offered in the first week of December for a period of a month. The 191 founders of NIC, which include E. A. Juffalis and Brothers, and National Commercial Bank, will own 25 per cent of the company. The remaining 75 per cent will be floated by the Consulting Centre for Finance and Investment in Riyadh, which is emerging as a quasi-stock market.

Dr Mahsoom Jalal, the chairman of NIC, originally tried to secure government participation in NIC. The Public Investment Fund, the General Organisation for Social Insurance, Sabic and the state pension fund were between them expected to buy a total of 20 per cent of NIC. However, when Saudi Arabia's Council of Ministers finally approved NIC last month, plans for government participation were cancelled.

The reason for this said Mr Al-Zamil, was that the government considered that there was enough demand to launch the company. When Sabic offered 20 per cent of its shares to the public earlier this year, the US\$71.4m issue was oversubscribed three times.

However, later offered another 10 per cent of Sabic to the public.

NIC intends to co-operate closely with Sabic which was established to provide basic materials for Saudi's industrialisation. NIC's products will use some of Sabic's output as part of this industrialisation programme.

NIC intends to integrate some of its plants with Sabic to achieve greater efficiency. Like Sabic, it will rely on foreign partners to help market output.

Mr Al-Zamil said companies dealing with NIC will have access to all the states in the Gulf Co-operation Council.

NIC, it is hoped, will be a prime candidate for investment as it should be attractive to American contractors seeking Saudi partners to implement the Offset Investment Programme. This is a Saudi plan requiring American companies bidding on the support system for the AWAC's surveillance aircraft to offset its costs through investment in Saudi Arabia.

U.S. companies will be required to invest over U.S.\$500m to offset the U.S.\$1.94bn command control, and intelligence (CSI) system for the AWAC's and NIC plans to play an important role in this investment activity.

NIC is expected to invest in Saudi industries together with foreign partners. Dr Jalal said the ideal percentage of foreign partners, capital will be 30 per cent in each project although foreign participation of up to 50 per cent will be permitted. NIC already plans to invest 9 per cent in a Saudi pharmaceutical company, 45 per cent in an oil refinery operation, and 20 per cent in an already existing chemical fertilizer plant.

Other possible projects include synthetic rubber production in partnership with a French company, steel pipes in partnership with a Japanese company, and metal wire with a West German company. NIC is also prepared to enter fields as diverse as the manufacture of tractors, paper, steel pipes, and aluminium pellets.

Fight for control of Kamunting

BY WONG SULONG IN KUALA LUMPUR

A FIGHT for the control of Kamunting Tin Dredging is shaping up between Malaysia Mining Corporation (MMC), the country's biggest tin company, and a group of Malaysian and Singaporean shareholders.

The opposition group, led by Datuk Koh Kim Chai, a lawyer turned businessman, won the first round last week when Datuk Koh and Mr Philip Nainan, his associate, were elected to the Kamunting board instead of two MMC nominees.

group is now seeking an extraordinary general meeting in the next 21 days to discuss, among other things, the removal of the remaining three MMC members on the board, the appointment of Datuk Koh as managing director, and the termination of Pemas Charter Management, the MMC management company, as managers for Kamunting.

Datuk Koh's group is believed to hold 30 per cent of Kamunting's 4m shares of 50 cents each, while MMC holds 24 per cent.

Kamunting has been an investment company since its tin deposits were exhausted in 1982. Datuk Koh's supporters feel MMC has failed to seek new areas of business for Kamunting.

Datuk Koh joined the Kamunting board in September last year, and has proposed several timber and property acquisitions for the company, but these have been rejected by the MMC directors recently and this has sparked off the board battle.

TNL to raise NZ\$14m for new airline venture

BY OUR WELLINGTON CORRESPONDENT

TNL, A MAJOR New Zealand tourist and transport company, is to raise NZ\$14m (US\$6.8m) from a share issue to existing share holders to finance the formation of a new independent airline.

Recent changes to New Zealand aviation regulations have opened the way for more independent operators. TNL is the parent company of Newmann, the country's largest tourist operator and the proposed airline, to be called

Newmann Airways will fit into the company's existing tourist operations.

The offer of one new share for every five existing TNL shares will be made at NZ\$2—a premium of NZ\$1.50. Part of the proceeds will be used to buy two Dash Seven airliners from De Havilland of Canada.

Funds will also be used to buy first passenger coaches and to build new coach and camper van terminals.

All of these securities having been sold, this announcement appears as a matter of record only.



3,000,000 Shares
Club Med, Inc.
Common Shares

Lehman Brothers
Shearson Lehman/American Express Inc.

E. F. Hutton & Company Inc.

Lazard Frères & Co.

Merrill Lynch Capital Markets

Atlantic Capital Corporation	The First Boston Corporation	Bear, Stearns & Co.
Alex. Brown & Sons Incorporated	Dillon, Read & Co. Inc.	Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated	EuroPartners Securities Corporation	
Goldman, Sachs & Co.	Hambrecht & Quist Incorporated	Kidder, Peabody & Co. Incorporated
La Compagnie Financière	Montgomery Securities	Morgan Stanley & Co. Incorporated
PaineWebber Incorporated	Prudential-Bache Securities	Robertson, Colman & Stephens
L. F. Rothschild, Unterberg, Towbin	Salomon Brothers Inc	
Smith Barney, Harris Upham & Co. Incorporated	Swiss Bank Corporation International Securities Inc.	
UBS Securities, Inc.	Wertheim & Co., Inc.	Dean Witter Reynolds Inc.
Allen & Company Incorporated	Arnhold and S. Bleichroeder, Inc.	
Banque Privée S.A.	A. G. Edwards & Sons, Inc.	Oppenheimer & Co., Inc.
Rothschild Inc.	Thomson McKinnon Securities Inc.	
Cazenove Inc.	Daiwa Securities America Inc.	Robert Fleming Incorporated
Kleinwort, Benson Incorporated	The Nikko Securities Co. International, Inc.	Nomura Securities International, Inc.
Sogen Securities Corporation	Yamaichi International (America), Inc.	
BHF Securities Corporation	Sanyo Securities America Inc.	
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	
Banque Louis-Dreyfus	Banque Nationale de Paris	
Banque Paribas	Baring Brothers & Co., Limited	Crédit Commercial de France
Crédit Lyonnais	Kredietbank S. A. Luxembourgeoise	
Lazard Frères et Cie	Société Séquanaise de Banque	

September, 1984

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.



CalFed Inc.

(Incorporated with limited liability in the State of Delaware in the United States of America)

Authorized
100,000,000

Shares of Common Stock of U.S. \$1.00 par value

*including 1,500,000 shares reserved for issue

Issued and reserved
for issue at
22nd August, 1984*
21,906,313

CalFed Inc. (the "Company") is the holding company of California Federal Savings and Loan Association ("California Federal"). California Federal has engaged in savings and loan business since 1925 and is now the fourth largest savings and loan association in the United States of America with total assets of over U.S. \$16 billion at 30th June, 1984 and 189 offices in California, Florida, Georgia and Nevada. California Federal also engages in real estate development and mortgage banking and provides thrift and loan, insurance agency and other financial services through its subsidiaries. The Company's other principal affiliates include Trust Services of America, Inc., Beneficial Standard Life Insurance Company and Direct Marketing Corporation of America. For the year ended 31st December, 1983 the Company's consolidated net earnings were U.S. \$80.5 million.

The Council of The Stock Exchange has admitted to the Official List all the 21,906,313 Shares of Common Stock of the Company issued and reserved for issue.

Particulars relating to the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 31st October, 1984 from:

Credit Suisse First Boston Limited
22 Bishopsgate, London EC2N 4BQ

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

10th October, 1984

Kitcat & Aitken,
The Stock Exchange,
London EC2N 1HB

All of these bonds having been placed, this announcement appears as a matter of record only



**INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT**
Washington, D.C.

DM 200,000,000 7½% Deutsche Mark Notes of 1984/1990

Private Placement

DG BANK
Deutsche Genossenschaftsbank

Genossenschaftliche
Zentralbank AG - Vienna

Swiss Volksbank

Crédit Agricole (C.N.C.A.)

In association with

The Norinchukin Bank

Rabobank Nederland

Andelsbanken a/s
Danebank

London & Continental
Bankers Limited

October 10, 1984

INTL. COMPANIES and FINANCE

U.S. aids a Canadian group to flex its muscles, writes Ian Rodger Alcan lines up industry leadership

MANY CHILDREN outgrow their parents in only a few years. But it has taken Alcan Aluminium of Canada over 30 years to outstrip its former U.S. parent, the Aluminum Company of America (Alcoa).

Last week's consent decree with the U.S. Department of Justice enables Alcan to proceed with its proposed acquisition of most of the aluminium assets of Atlantic Richfield, including a 188,000 tonne smelter in Kentucky, subject to last minute hitches.

That would raise Alcan's world-wide capacity to roughly 2.2m tonnes, well clear of Alcoa's 1.96m tonnes.

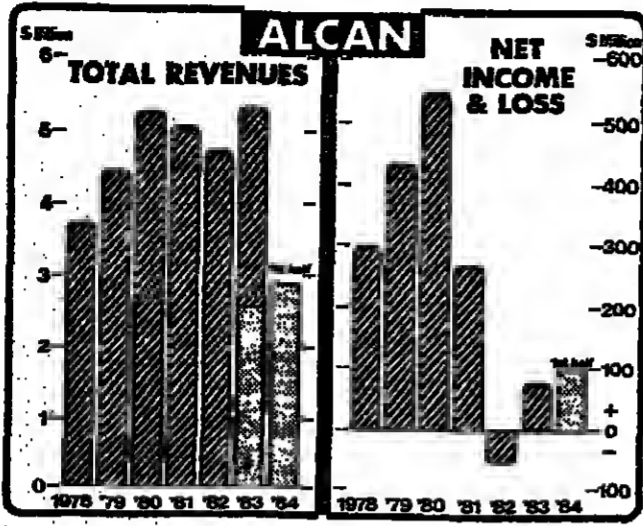
Behind this symbolic milestone is a much more significant one. With the acquisition of the Arco assets, Alcan will realise its goal of becoming a significant force in the vital U.S. market for aluminium products. And with its strong presence in western Europe the company could soon dominate the world aluminium industry.

Alcan's competitors have become increasingly uneasy about the company's surge in recent years but the real surprise is that it has taken so long to happen.

Ever since the first oil crisis in 1973, it has been clear that the aluminium industry's future belonged to Alcan. Energy costs are crucial to the smelting of this metal, and Alcan, with its immense endowment of hydro-electric resources in Quebec and British Columbia, has been almost completely insulated from the huge increases in energy prices that have bedevilled everyone else. It is not clear why the company was so slow to capitalise on its advantages. To a large extent, it was a function of history and management culture. Alcan was created as a result of a U.S. anti-trust decree in 1960, obliging Alcoa to sell off its interests outside the U.S.

For the next quarter-century, Alcan managers sat comfortably in Montreal and, in the best Canadian industrial tradition of brewers of wood and drawers of water, concentrated on operating their smelters and taking orders for ingots.

They were content to be the swing supplier of ingot for the convenience of Alcoa and the other giants of the world aluminium industry, Reynolds



Metals and Kaiser of the U.S., and to a lesser extent, Pechiney of France and Alusuisse of Switzerland.

When orders were strong, Alcan operated flat out. When markets declined, Alcan dutifully was the first to cut production while the others kept going.

Although it was free to enter U.S. markets it did not invest in plant there until 1980. And even today it has more assets in Britain than in the U.S. It is only the fourth largest aluminium supplier in the U.S. market, with a less than 10 per cent share.

Many analysts expected this situation would change quickly following 1973, but it did not. Apart from the time it takes to make a large organisation change direction, there were two other special factors at work. First, Alcan took two lengthy and damaging strikes in the late 1970s, which distracted management from more strategic matters. Second, the aluminium industry as a whole was distracted by an initiative by alumina manufacturers, led by Jamaica, to set up a cartel along the lines of the Organisation of Petroleum Exporting Countries (OPEC).

Thus, in the late 1970s, the major producers tended to forget about the importance of energy costs and rushed instead to build smelters in areas, mainly Australia, where bauxite supplies would be secure. The long and deep recession

entirely from its low-cost energy.

By way of illustration, a pound of aluminium ingot today sells for about 55 cents (U.S.). In the best smelters, such as Alcan's new one at Grande Bale, Quebec, about 7 kilowatt hours of electricity are needed to make a pound of aluminium. Alcan's electricity, from its own generators on the Saguenay, costs about 3/10ths of a cent per kWh. That works out to just over 2 cents per pound of aluminium. The Japanese, who have wisely decided virtually to get out of the aluminium smelting business, pay up to 8 cents per kWh, or nearly 80 cents a pound, on electricity. And in the depths of the recession in 1982, the ingot price was less than 50 cents. Average electricity costs for aluminium producers in Europe and the U.S. are believed to be around 2 cents per kWh.

From time to time, Quebec politicians have thought of nationalising Alcan in an attempt to increase the return to the province on its assets, but in the early 1980s evidence of a more subtle strategy appeared. The state pension fund suddenly emerged as the largest Alcan shareholder with a 7.5 per cent stake.

Was this a way of telling Alcan managers that they had better make the most of Quebec's assets? Nobody has ever said. Mr Culver insists that the fund has never tried to exert any muscle as a shareholder.

Suffice it to say that the Quebec Government must today be delighted with Alcan's behaviour. The company earns through the recession with virtually no lay-offs in the province, it has embarked on a long term programme to modernise its Quebec smelters and it is consolidating its competitive position in the world.

This year as ingot prices have slumped a number of smelters in the U.S. and Europe have been shut while Alcan has kept its smelters going, confirming the transfer of the swing role away from the Canadian company.

Competitors are not happy with Alcan's new willingness to flex its muscles but they acknowledge they would do the same thing if they were in that position.

All of these securities having been sold, this announcement appears as a matter of record only.

October, 1984

\$40,000,000



8 1/2% Convertible Subordinated Debentures Due 2009

Interest Payable on April 1 and October 1

The Debentures are convertible into Common Stock of Ames Department Stores, Inc. at any time prior to maturity, unless previously redeemed, at a conversion price of \$33 1/2 per share, subject to adjustment in certain events.

Wertheim & Co., Inc.

- | | | |
|---|---|--|
| Bear, Stearns & Co. | The First Boston Corporation | Alex. Brown & Sons Incorporated |
| Dillon, Read & Co. Inc. | Donaldson, Lufkin & Jenrette Securities Corporation | Drexel Burnham Lambert Incorporated |
| Goldman, Sachs & Co. | Hambrecht & Quist Incorporated | E. F. Hutton & Company Inc. |
| Kidder, Peabody & Co. Incorporated | Lazard Frères & Co. | Lehman Brothers Shearson Lehman American Express Inc. Incorporated |
| Merrill Lynch Capital Markets | Morgan Stanley & Co. Incorporated | PaineWebber Incorporated |
| Prudential-Bache Securities | L. F. Rothschild, Unterberg, Towbin | Salomon Brothers Inc. |
| Smith Barney, Harris Upham & Co. Incorporated | | Dean Witter Reynolds Inc. |
| Advest, Inc. | | William Blair & Company |

All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE

September 28, 1984



CITY OF COPENHAGEN

ECU 20,000,000
11 1/2% 1984-1994 Bonds

Kredietbank International Group Privatbanken A/S

- | | |
|--|--|
| Bank Brussel Lambert N.V. | Société Générale de Banque S.A. |
| Algemene Bank Nederland N.V. | Crédit Commercial de France |
| Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V. | |
| Deutsche Bank Aktiengesellschaft | Union Bank of Switzerland (Securities) Limited |
| | Yamaichi International (Europe) Limited |

All these securities having been sold, this announcement appears as a matter of record only.



Bank of Montreal

(A Canadian Chartered Bank)

£100,000,000

Floating Rate Deposit Notes Due 1994

S. G. Warburg & Co. Ltd.

- | | |
|--|--|
| Bank of Yokohama (Europe) S.A. | Banque Nationale de Paris |
| Banque Paribas | Barclays Bank Group |
| Baring Brothers & Co., Limited | Commerzbank Aktiengesellschaft |
| County Bank Limited | Credit Suisse First Boston Limited |
| Dai-ichi Kangyo International Limited | Deutsche Bank Aktiengesellschaft |
| Fuji International Finance Limited | Manufacturers Hanover Limited |
| Merrill Lynch Capital Markets | Samuel Montagu & Co. Limited |
| Morgan Grenfell & Co. Limited | Morgan Guaranty Ltd |
| Morgan Stanley International | Salomon Brothers International Limited |
| J. Henry Schroder Waggs & Co. Limited | Société Générale de Banque S.A. |
| Union Bank of Switzerland (Securities) Limited | Wood Gundy Inc. |

25th September, 1984

CHANGE OF ADDRESS

THE DAIWA BANK LIMITED LONDON BRANCH

Notice is hereby given to the holders of the securities listed below for which The Daiwa Bank Limited act as the Principal Paying and Conversion Agent, the Paying, Conversion, or Warrant Agent, that from 12 November 1984 the specified office of The Daiwa Bank Limited for the purposes of each of the issues listed will be:

P.O. BOX 70, COMMERCIAL UNION BUILDING,
ST. HELEN'S, 1 UNDERSHAFT, LONDON EC3A 8JJ
Telephone: (01) 623 8200

- | | | |
|--|--|---|
| Orient Finance Co. Ltd.
£15,000,000
8% Sterling/U.S. Dollar Conv. Bonds due 1995 | The Nomura Securities Co. Ltd.
US\$100,000,000
6 1/2% Bonds due 1988 | Orient Finance Co. Ltd.
US\$80,000,000
5 1/2% Conv. Bonds due 1997 |
| Fuji Electric Co. Ltd.
US\$30,000,000
5 1/2% Conv. Bonds due 1986 | The Nikko Securities Co. Ltd.
US\$30,000,000
3 1/2% Conv. Bonds due 1989 | Oriental Finance Co. Ltd.
DEM 30,000,000
4 1/2% Conv. Bonds due 1987 |
| Kawasaki Steel Corporation
US\$100,000,000
5 1/2% Conv. Bonds due 1996 | The Nikko Securities Co. Ltd.
US\$30,000,000
3 1/2% Conv. Bonds due 1994 | Okumura Corporation
US\$30,000,000
5 1/2% Conv. Bonds due 1997 |
| | Nichimen Corporation Ltd.
US\$15,000,000
5 1/2% Conv. Bonds due 1997 | Tokyo Electric Co. Ltd.
US\$70,000,000
6 1/2% Guaranteed Bonds due 1989 |

Inter-American Development Bank

12 1/2% Loan Stock 2003

Pursuant to the Purchase Agency Agreement relating to the above issue, this notice confirms that £750,000 nominal of the above stock was purchased and cancelled during the six months to July 8th, 1984 in respect of the year ending January 8th, 1985.

Baring Brothers & Co., Limited
Purchase Agent
for
Inter-American Development Bank



CREDIT COMMERCIAL DE FRANCE U.S.\$100,000,000 Series B Notes Due 1995

For the six months 9th October, 1984 to 9th April, 1985 the Notes will carry an interest rate of 12% per annum with a coupon amount of US\$60.67 per US\$1,000 note. The relevant interest payment date will be 9th April, 1985.

Listed on the Luxembourg Stock Exchange. By: Bankers Trust Company, London Agent Bank

UK COMPANY NEWS

Sears Holdings modest improvement

FIRST HALF profits of Sears Holdings, Britain's biggest shop-keeper with more than 3,500 retail outlets in the U.S., showed only a "modest" increase over those of the previous year but the directors say they are, nevertheless, satisfied with the results.

They point out in their interim statement that the opening half of 1983 was an exceptional trading period in which the group raised its profits by 70 per cent compared with the corresponding half of 1982.

Shareholders are told that the maintained level of profits in the first six months of this year, to July 31, was achieved against a background of mixed trading conditions.

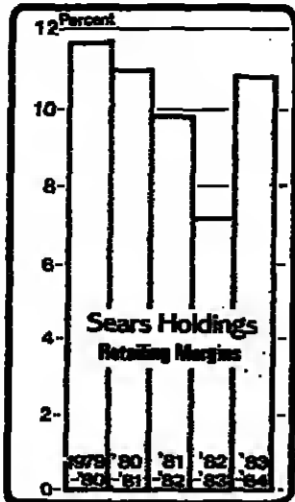
On an 11 per cent rise in turnover to £348m (£287m), excluding intergroup sales, profits at the pre-tax level improved from £90.3m to £92m.

The directors say the results justify raising the net interim dividend from 0.7p to 0.8p per share.

During the period UK retailing was weak in the provinces with the miners' strike having an adverse effect on consumer spending.

Retailing in London and the Home Counties showed satisfactory increases over last year, particularly in London.

In the U.S. the improvement



In footwear sales was less than anticipated and the acquisition in May of this year of an additional 115 outlets carried the roots of integration and updating of merchandise.

Joint chairmen, Mr Leonard Sainer and Mr Geoffrey Maitland Smith, say although the miners' dispute and relatively high interest rates continue to cause concern, trading in the second half has started favourably.

They point out that ranges of autumn fashion clothing and footwear have been well received which will help the group to benefit from any increase in levels of consumer spending in the important last three months of the current financial year.

A divisional breakdown of trading profits (£59.2m, against £59.7m) shows: footwear retailing £30.2m (£32.5m), department stores, jewellery and other retailing £10.7m (£9m), motor vehicle sales, service and delivery firm (£4.5m), licensed betting offices (William Hill Organisation) £3.5m (£3.7m), property development and investment £6.8m (£5.6m) and engineering £1m (£0.3m).

Sears' retail outlets include Freeman Hardy and Willis, Lilley and Skinner, Dolcis, Selfridges, Walls, Olympus Sportswear and Mappin and Webb. The group's major subsidiary, British Shoe Corporation, is Europe's largest footwear retailer.

Pre-tax results were struck after deducting interest of £1.4m (£1m) and adding a £1.4m (£0.6m) share of related company profits and non-trading items of £2.5m (£1m).

Tax accounted for £26.6m (£26m). Earnings per share edged ahead to 2.5p (2.3p).

In a statement following the results Mr Maitland Smith said that last month's sudden change



Mr Leonard Sainer, joint chairman of Sears Holdings

in the weather had brought a "welcome" profit boost for the group.

He revealed that since the middle of September retail turnover had increased "quite dramatically". Compared with the same period last year he said store sales had jumped by 20 per cent and footwear turnover by around 15 per cent. Better results are also being seen on the betting front.

The U.S. is now a major source of income for the group which is in line with its investment strategy. In June the chairman, Mr Ray Parsons, expected a record year of trading and profits there. The board anticipates that the company will soon complete the acquisition of SBD Electronic Systems of the U.S. This company has exceeded the stipulated profit forecast.

In addition, negotiations are at an advanced stage for the purchase of a number of companies in the U.S. and in Europe in the component manufacturing field.

Tyson of Japan maintained the momentum of 1983, the directors say, and again increased profits. The company's Deutsche subsidiary, from its policy of rationalisation and tighter management control by making a small profit contribution.

The group's big £4.2m (£3.2m), and minority shareholders' interest jumped from £162,000 to £290,000.

De Zoete & Bevan are brokers to the issue and dealings are expected to begin on Monday October 15.

Two offers for sale closed comfortably oversubscribed yesterday. Iceland Frozen Foods attracted applications for more than 50 times the number of shares on offer while the Scusa offer of equity valued at £11.6m but with the level of oversubscription running well into double figures.

See Lex

Bowthorpe £3m lift helped by U.S. markets

Bowthorpe Holdings, electrical and electronic components group, has increased its pre-tax profits for the half year to end-June 1984 by 44.6 per cent, from £6.65m to £9.61m.

Sales responded to better trading conditions generally and with a stronger momentum overseas, surged to a new group peak of £52.56m, compared with £41.21m for the corresponding period.

Stated earnings per 10p share rose from 7.5p to 12p, and the directors are lifting the interim dividend by 0.23p to 2.07p.

The group made an operating profit of £8.14m, compared with £5.52m of which the profits of related companies rose substantially from £30,000 to £335,000. Interest and similar income generated £1.77m against £335,000.

The directors say that with only three months of the year remaining there is every indication that 1984 will be an outstanding year for the group both in profits and sales.

The U.S. is now a major source of income for the group which is in line with its investment strategy. In June the chairman, Mr Ray Parsons, expected a record year of trading and profits there. The board anticipates that the company will soon complete the acquisition of SBD Electronic Systems of the U.S. This company has exceeded the stipulated profit forecast.

In addition, negotiations are at an advanced stage for the purchase of a number of companies in the U.S. and in Europe in the component manufacturing field.

Tyson of Japan maintained the momentum of 1983, the directors say, and again increased profits. The company's Deutsche subsidiary, from its policy of rationalisation and tighter management control by making a small profit contribution.

The group's big £4.2m (£3.2m), and minority shareholders' interest jumped from £162,000 to £290,000.

De Zoete & Bevan are brokers to the issue and dealings are expected to begin on Monday October 15.

Two offers for sale closed comfortably oversubscribed yesterday. Iceland Frozen Foods attracted applications for more than 50 times the number of shares on offer while the Scusa offer of equity valued at £11.6m but with the level of oversubscription running well into double figures.

See Lex

'Outstanding year' ahead after Christie's 86% rise

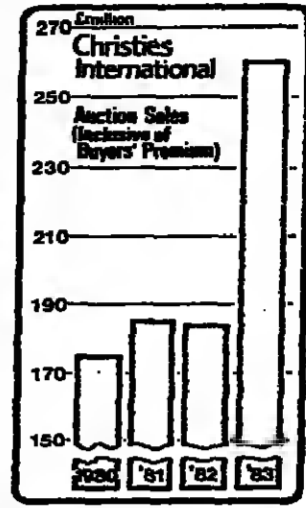
PRE-TAX PROFITS at Christie's International surged by 86 per cent in the six months to June 30 1984, and the directors of this fine art and philatelic auctioneer, say that with continuing confidence in the international art market, all the indications are that 1984 will be "an outstanding year."

The period, which incorporated the disposal of Drukkerij Onkenhout BV, saw profits grow from £4.13m to £7.66m and turnover from £21.15m to £26.55m. Group auction sales totalled £156m, £40m up on last time, of which more than half came from the U.S. with sales of £82.5m, exceeding the combined total for the UK and Europe.

To some extent, say the directors, the figures from the New York office were boosted by the exchange rate—in U.S. dollar terms its sales rose by \$5.3m to \$112.7m.

Shareholders are to receive a 0.5p boost in the interim dividend to 3p net per 10p share, following on from last year's 8.5p total. Earnings are quoted at 16.59p per share, up from 7.97p.

Regarding the disposal of the Victoria warehouse, the planning appeal was determined and as a result an extraordinary item of approximately £1.2m will arise in the current half. This has



at £34m against £163m after minorities of £47,000 (£31,000).

● **comment**

The rise of Christie's continues to astonish, in terms of profits and share prices alike—yesterday's 14p jump to 48p is easily a sale record. The group's caution about forecasting the full year can readily be understood, particularly given that the £21m Chatsworth sale—which falls in the second half—was expected by Christie's to realise only a third as much. Hereafter, the group's progress seems as ever dependent on a rather specialised version of the economic cycle: the U.S. calls the tune, particularly in respect of impressionism and after. Granted, Christie's seems to have been winning back market share against its main rival Sotheby's—particularly in the U.S., where it now claims to do around 80 per cent as much business as Sotheby's despite a late start in 1977. In terms of quality of earnings, though, auctioneering smacks as much of stockbroking as anything else—a fact recognised in these figures by a highly cautious dividend cover of 5.5 times. Indeed, on a running yield of just 2.5 per cent, the shares against the results for one of the axioms of attractive investment—buy them if you like them, but otherwise not.

AJ Worthington takes measures to stem losses

A. J. Worthington (Holdings) contained its losses for 1983-84 at virtually the previous year's level. However, losses are still being incurred and measures are being taken to stop them rising further.

On his appointment as chairman last month, Mr S. Friedland found it necessary to introduce £150,000 to the group's books.

The directors point out that the accounts for the year to March 31 1984 were drawn up on a going concern basis on the assumption that the facilities available to the group by its bankers for the three months to end-December 1984 would continue for the remainder of the financial year to March 31 1985.

Turnover for the past year totalled £2.17m (£2.51m) and losses at the pre-tax level amounted to £257,836 (£253,844)—the group manufactures textile products.

The existing textile operations at Leek, Staffs, consist of the manufacture of threads and a wide range of narrow fabrics, are being consolidated into one building.

The directors intend to support and develop this enterprise

T & S Stores joining USM with 29% share placing

Barclays Merchant Bank is bringing to the Unlisted Securities Market T. & S. Stores, a successful chain of aboys selling cigarettes, confectionery and greetings cards. It was founded by Kevin Threlfall and David Lockett-Smith in 1975 when they opened a cut-price cigarette kiosk in Wolverhampton and will now have a market capitalisation of £7.2m.

Threlfall had already gained valuable experience of the retail market as co-founder of Lo-Cost Discount Stores where, as buying director, he introduced cut-price cigarette kiosks into the stores. He made £250,000 when the company was sold and devoted himself full time to T and S in 1978 by which time the company had eight stores in the West Midlands and had expanded to include confectionery, greetings cards and newspapers.

Stephen Boddick had joined the company by then as finance director.

The three directors have evolved a successful retail formula with stock control highly computerised and large volume sales which allow them to generate cash out of creditors. "We take no products where we finance the stockholder," said Threlfall.

A careful choice of sites with high pedestrian flow and bulk buying and distribution from their own central warehouses, has resulted in improving profitability year on year.

Tobacco accounts for 65 per cent of turnover and around 60 per cent of profits with gross margins of around 4.5 per cent. The other products achieve a much higher margin of around 15 to 20 per cent.

The company is cash strong with over £2m at the interim stage and is not raising any new money. The directors feel a quotation will improve business opportunities, both in attaining quality sites for stores and in

buying other chains if the opportunity should arise.

Their aim is to have 100 stores by mid 1987, financed out of earnings. They forecast pre-tax profits of £750,000 for the year to January 5 1985, up from £320,000, on turnover ahead from £26.69m to £36.5m. They are placing 2.33m shares equal to 29 per cent of the issued share capital at 90p per share giving an actual tax p/e of 16.5 and a 4.2 per cent yield.

De Zoete & Bevan are brokers to the issue and dealings are expected to begin on Monday October 15.

Two offers for sale closed comfortably oversubscribed yesterday. Iceland Frozen Foods attracted applications for more than 50 times the number of shares on offer while the Scusa offer of equity valued at £11.6m but with the level of oversubscription running well into double figures.

See Lex

Post Office fund cuts U.S. holdings

THE BUOYANT U.S. equity market in 1983 prompted one of Britain's largest financial institutions, the Post Office Staff Superannuation Scheme, to adjust its worldwide equity portfolio to reduce its exposure to North America.

The annual report and accounts of the scheme for the year ending March 31, 1984 stated that the strong performance of overseas share prices had resulted in the value of the overseas equity portfolio rising to a proportion of total assets that was regarded as excessive by the trustees.

Accordingly about a third of the U.S. portfolio was sold in the final quarter of the financial year, accounting largely for the net £73m (£89.8m) divestment in overseas equities during the year.

The scheme also continued to reduce its holdings in Japanese blue-

chip export-oriented stocks and diversified into domestic related sectors. Holdings in Canadian and Australian stocks were reduced.

The report showed that the net value of overseas equity holdings dropped slightly during the year from £371.4m to £365m, the net investment being offset by substantial capital appreciation. The total value of the scheme's assets rose over the year from £2.68bn to £2.26bn, leaving overseas equities around 11 per cent of the total, slightly above the target level of 10 per cent.

The scheme's largest single-sector investment was made in index-linked gilts—some £98m of the £242.5m total investment being in that sector, despite the low real yield on these stocks of around 3 per cent. The trustees feel that index-linked stocks provide a protec-

tion against future inflation and should represent a sizable holding in the portfolio.

Index-linked holdings at present amount to £304.5m—8 per cent of the fund, compared with an ultimate target of 15 per cent.

A further £51m was invested in UK equities, bringing total UK equity values in the scheme to £1.4bn. Nearly £52m invested in property brought the property portfolio to £942m.

The overall yield on the assets was 21.8 per cent—close to the average return for large funds in the Wood Mackenzie performance measurement analysis.

The report also shows that the total membership of the scheme exceeded 317,000, of which 175,000 were employees and nearly 100,000 were pensioners.

Emess set for significant rise

IN HIS interim report covering the six months to June 30 1984, Mr Michael Meyer, chairman of Emess Lighting, tells shareholders that he anticipates a "significant" improvement in profits for the full year.

Figures for the opening six months rose to £35,000, an advance of 60 per cent over the £21,000 returned for the corresponding half of 1983.

The period saw a strong performance by the lighting companies. Continued product development, increased market share and tight control over costs all contributed to the result.

The second half has begun encouragingly with the lighting companies continuing to show substantial growth. Cash flow and return on capital employed remain "good."

Turnover for the half year moved ahead from £2.42m to

£3.82m—the group, which acquired Michael Black, a Glasgow-based electrical wholesaler, for £3.5m last March, sells its own and imported decorative lighting fittings.

The results included a three-month contribution from the electrical wholesale division. "Satisfactory performance" is expected here during the remainder of the year.

Earnings rose from an adjusted 3.9p to 6.5p and an interim dividend of 2p net is declared per 25p share. For the previous 18 months dividends equal to 6.25p were paid.

Tax took £49,000 (£36,000) to leave net profits at £286,000 (£164,000).

● **comment**

The Michael Black acquisition came in too late to contribute much to Emess's 60 per cent increase in taxable profits, although it could well chip in £250,000 for the year. Emess aims to make a double the acquisition's 12 per cent return on capital by nibbling at overheads and disposing of surplus property, which should raise £1m in the current half and wipe out the group debt. There is also the prospect of routing Emess products through Black's wholesale outlets in the north. Meanwhile, Meyer and Spencer's decision to plug in to the lighting market has set the sparks flying among Emess's retailing customers. As a result of their attempts to gear up to the new challenge, and with the help of a move into table lamps, Emess expects lighting turnover to grow by 60 per cent to £5m this year. That points to full-year profits of around £900,000 pre-tax, which leaves the shares, up 15p to 165p, on an undemanding multiple of 9.4, assuming 15 per cent tax rate.

UK Provident increases bonus rates

UK Provident, a leading UK mutual life company, has increased the interim bonus rate on its individual and personal pension contracts, as from October 1 1984 by 35p to £6.04 per cent.

However, it has reduced the terminal bonus rate for those pension policies in force less than 10 years when the pension commences, though for 10 years or more, the rate remains at 60 per cent of attaching bonuses.

The company has also improved slightly its premium rates on its pension contracts—also from October 1.

The moves by UKP will intensify the already keen competition among life companies for individual and personal pension business.

Since the ending of tax relief on life assurance premiums in this year's Budget, life assurance salesmen have been devoting more effort in selling pension contracts to the self-employed and executives. Competition for this business has become keen between life companies seeking to offset the decline in life assurance sales.

UKP is now among the top performing traditional life companies both on past performance and on future projections, and it has announced to its intermediaries that it intends to stay there.

It is only three months to the time when traditional life companies announce their full reversionary bonus rates for 1984. The bonus rate for 1984 from UKP on its pension business is highly unlikely to be less than the increased interim rate.

It will be interesting to see if other life companies react immediately to what they make their full declaration.

FULCRUM INVESTMENT TRUST P.L.C.
Net asset value (unaudited) as at 30th September, 1984
Income Shares: 42.36p
Capital Shares: 5.39p

LADBROKE INDEX
Based on FT Index
863-867 (+2)
Tel: 01-427 4411

SE listing for CalFed

The common stock of CalFed, America's fourth largest savings and loan institution will be listed on the London Stock Exchange starting today.

CalFed, which has assets of \$17bn and a net worth of \$900m, transformed itself from a mutual to a joint stock company last year, and is now seeking to make itself better known in major foreign financial markets, according to Mr Robert Dickson, chairman and chief executive.

He said the recent problems of FCA, another large California savings and loan, had not affected CalFed's plans.

"We are different, and we are keen to get that message across," he said.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- sponding div.	Total for year	Total for last year
Bowthorpe Hlds	int 2.07	Dec 19	1.84	—	4.68
Brit. Light	int 0.5	Dec 17	1	—	2
Campari Int'l	int 0.5	Nov 19	0.5	—	1
Christies	int 3	Nov 27	2.5	—	8.5
Comcap	int 0.4	Dec 14	—	—	—
Emess Light	int 2	Nov 29	—	—	6.25*
English Property	int 2.9	Nov 19	15.9	15.9	7.57
Grosvenor Gp	int 3.5	Jan 7	3.25	5.75	—
Harris Queensway	int 1.25	Nov 30	1.13*	—	3.5*
T. C. Harrison	int 0.82	Dec 31	0.82	—	2.3
S. Jerome	int 0.89	Nov 29	0.89	—	2.69
Lawter	int 0.75	—	Nil	1.5	Nil
Freestwich Parkers	int 0.7p	—	Nil	—	Nil
Sears Holdings	int 0.8	Dec 10	0.7	—	2.5
Sealor Eng	int 0.75	Nov 30	0.75	—	1.5
Steel Barill Jones	int 1.5	Nov 22	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months to December 31 1983. ** Final 3.4p forecast.

Pension Fund Management

With over £2 billion under management we have more than just enthusiasm to offer.

If it's results that count — talk to Lazard Brothers

Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT
Telephone: 01 588 2721 Telex: General 886438

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

HAWTAL WHITING HOLDINGS plc
(Registered in England under the Companies Acts 1948 to 1976)
Number 1431097

SHARE CAPITAL

Authorised	500,000	Ordinary shares of 5p each	321,000
------------	---------	----------------------------	---------

Issued and to be issued fully paid

The Hawtal Whiting Group provides a comprehensive range of design engineering consultancy services to the international automotive industry. In connection with a placing by Simon & Coates of 1,821,160 ordinary shares of 5p each at 197p per share, application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the issued share capital of Hawtal Whiting Holdings plc to be dealt in on the Unlisted Securities

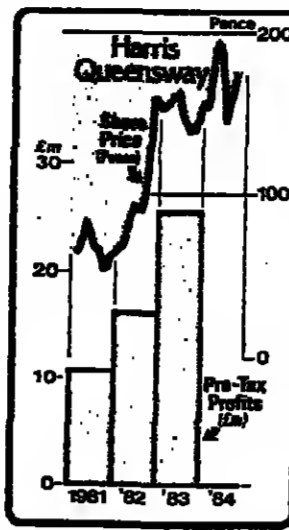
Market. A proportion of the shares being placed is available to the public through the market. It is emphasised that application has not been made for these securities to be admitted to official listing. Particulars relating to the Company are available in the Equalised Services and copies of the Prospectus may be obtained during normal business hours up to and including the 28th October 1984 from:

SIMON & COATES
1 London Wall Buildings, London EC2M 5PT

UK COMPANY NEWS

Harris Queensway thinks electric

Harris Queensway has finalised plans to open its own electrical discount store chain following an abortive takeover attempt of the Comet Group earlier this year. The announcement accompanies Harris's interim statement showing record taxable profits of £12.03m, against £9.24m, and follows news of the sale of a recent tie-up with Debenhams. Dagenham, Essex, has been chosen to house the first of the electrical stores, which is due to open next month with a total sales area of 7,500 sq ft. In addition to this, Harris is further expanding its retail operations through the acquisition of the holding company of Brown Bear, Loxmill, for £5.5m. Brown Bear currently operates six furniture stores in the UK, at edge-of-town locations. Although the company suffered losses of £946,000 before tax in the six months to last March, Harris says that these are being to be derived from the joint operation which will enable Brown Bear to trade profitably. Brown Bear, which has never made a profit, was acquired by Mr Richard Northcott who cut his teeth on the DIY retail market with Dodge City, which he sold to F. W. Woolworth for £20m in 1981. Mr Gerald Ronson, chairman of the Heron Corporation, acted as an intermediary in the Brown Bear deal and is currently engaged in a number of property deals with Harris Queensway.



Mr Phil Harris, chairman of Harris Queensway, says that established group businesses over the six months to June 24 1984 continued to make progress. Queensway which now has 86 stores and is the largest contributor to group profits, achieved higher results and Mr Harris points out that there is still room for further significant improvement. Harris Carpets kept pace with their record 1983 results and Carpetland and General George divisions improved their share of the carpet market. Elsewhere, Harris Furnishing continued to be successful and Poundretcher's results were ahead of the corresponding period. Home Textiles, which now trades from 15 stores, is due to be further developed. Mr Harris tells shareholders that the results, achieved on turnover of £29.12m, higher than £23.00m in 1983, justify an effective increase in the interim dividend from 1.125p to 1.25p. Earnings per share rose from 4.59p to 5.06p. He believes the future of electrical stores in the out-town locations and consequently has no intention of becoming involved in the High Street battle between Currys and Dixons. Part of the attraction is buying Brown Bear, he says, is in 14 planning stages. Harris's taxable profits for the six month period included pre-tax profits of £12,030,000 (£12,030,000) and net interest receivable of £322,000 (£146,000). Tax took £5,07m

(£3.66m) and minorities accounted for £73,000 (£24,000)

comment

Harris Queensway may have failed to land Comet and there is no intention of bidding for Currys (at least for the present). But the desire to build a substantial electrical retailing business remains as strong as ever. Following the Debenhams deal, HQ is trading its own path with the launch of out of town large discount stores. The first Ultimate opens its doors next month and there should be four or five by the year end. Yet Harris seems willing to forgo profit margins for two or three years to buy itself into the market so it will remain the task of the traditional carpets and furniture operations to maintain the profits momentum over the next couple of years. And here HQ shows itself as alive as ever to pursuing a "deal". The Brown Bear purchase, with Mr Ronson standing in the middle as broker, smacks of opportunism rather than long term strategy. That sets the sceptics going again but in essence HQ remains a highly successful retailer which will make profits of around £35m this year and could break the £50m level by 1986—even without any more acquisitions. A prospective p/e of around 13 at 176p and operating at the management's ability to sustain a high performance.

TC Harrison hit by heavy discounting

HEAVY DISCOUNTING, which shows no signs of abating, and generally difficult trading conditions have trimmed T. C. Harrison's first-half profits by £272,000 to £1.24m. However, the interim dividend is being held at 0.82p and the directors expect to be able to recommend that the total be maintained at last year's level of 2.5p net per share. Although August did not fulfil manufacturers' expectations for new unit sales it was the group's second best month for profits—Harrison is a Ford main dealer. It is pointed out that the intro-

Bids and deals and mining news, Page 24

duction of new models from BL and improvements to the existing Ford range, together with the marketing support provided by the manufacturers, should assist profits during the remainder of 1984. The directors say that apart from the residual values which experienced a large part of the group's operations are in areas affected by the miners' dispute. They make no forecast of profits for the whole year but say the results will be acceptable—last year pre-tax profits edged ahead from £3.02m to £3.21m. Turnover for the first six months reached £48,066m (£47,161m), excluding car tax, VAT and inter-group sales. Tax accounted for £574,000 (£784,000) and earnings per share amounted to 2.95p (3.31p).

Yearlings

The interest rate for this week's issue of local authority bonds is 10 1/2, down 1/2 from last week's fairly decent 11 1/2 per cent a year ago. The bonds are issued at a par and are redeemable on October 16 1985. A full list of issues will be published in tomorrow's edition.

Miners' strike checks Senior Engineering

THE MINERS' strike has had, and is continuing to have, an impact on results at Senior Engineering Group. The company reports that operating profits for the first six months of 1984 rose from £1.77m to £2.22m, but points out that results would have been "considerably better" but for the impact of the dispute in the UK on one of its light engineering companies, Hayden Niles Co-flow. As well as the dispute, Senior paid more in interest, suffered a fall in investment income, and incurred "heavier" exceptional costs, which reduced profits at the taxable level from £1.28m to £1.03m.

The exceptional costs, up from £82,000 to £223,000, took into account some £280,000 relating to legal costs in the U.S. in respect of action brought against the group. After further consultation with legal advisers the company says that it still believes that any further proceedings will result in judgments "favourable to the group". Group turnover for the period rose from £98.15m to £49.25m. Interest charges amounted to £1,082m, against £828,000, and investment income fell from £410,000 to £213,000. Shareholders will receive an unchanged interim dividend of 0.75p, which is uncovered by

BOARD MEETINGS table with columns for TODAY, FUTURE DATES, and company names like Bantshond, Senior Engineering, etc.

Comcap's £1m on better margins

IN ITS first financial statement since Comcap's successful flotation last May, profit before tax has risen from £706,000 to £1,038,000, or 48 per cent, in the half-year to end-June 1984. The improvement for this specialist computer lessor and distributor of IBM equipment came out of turnover which increased by only 16 per cent, from £10.65m to £12.37m. Mr Ernst Schneider, the chairman, says that the sales figure for the full year may be lower than 1983, as the group is increasingly concentrating on the renting and leasing of peripheral equipment. This, he says, in addition to improving current profit levels retains value at a cost than the higher cost processing units, and is expected to make a significant long-term contribution to profit. The interim dividend is 0.4p net per share, as forecast in the prospectus, when the projected total was 1p. Earnings per share were given as 5.69p (4.2p).

Operating profit was up from £706,000 to £1,038,000 before interest payable more than doubled to £151,000, mainly the result of non-recourse finance of operating leases funded last year. The chairman says that throughout Europe, all group companies are currently experiencing buoyant market conditions. The sales team is being expanded, and four new trading subsidiaries were established in the past year, together giving rise to a higher level of administrative and selling expenditure at £820,000 (£496,000) in the period under review. Tax was up from £122,000 to £198,000 to leave distributable profit levels retained value at £840,000 (£588,000) after minority interests of £28,000 (£4,000). The dividend will amount for £25,000.

comment

In line with many of its computer leasing competitors, Comcap is shifting its portfolio away from processing units towards

peripheral equipment, which is perceived to have a longer product life and retain its value better. This, combined with a move towards operating leases, means second half turnover could decline by as much as 20 per cent. But the quality of earnings will improve, as already indicated by a five-point expansion in gross margins to 16 per cent. Comcap does not account for any residual values which are realised, but hints that its current £30m portfolio, 70 per cent of which is invested in peripherals, could yield up to £3m, most of which will drop straight through to profits in the next five years or so. Despite the growing importance of operating leases in Comcap's book, most of the £30m portfolio is still available, and the group is on the look-out for a related acquisition in computer services. Around £225m pre-tax looks in each year, together with the shares, up 2p to 172p, on a multiple of 16, after an 18 per cent tax charge.

Prestwich resumes dividends

THE MIDWAY improvement reported by Prestwich Parker Holdings has continued into the second half and results for the full period to June 30, 1984 show a pre-tax turnaround of £287,584 to £281,378. The board now has every confidence that the current year will see a "further significant rise". The loss last time was £6,206, but at the halfway stage the group had profits of £128,000 (£8,000). The directors now consider that a final dividend of 0.7p net per share is appropriate — the first payment since 1980. Earnings per share are a stated 6.55p (nil). Turnover increased from £4.64m to £6.21m. The group has traditionally been a nuts and bolts manufacturer, but withdrew from this activity at a cost of £89,973, and sold the business to Glynwed. It still trades in industrial

fasteners distribution, but the major contribution to this year's profits, some £223,299, came from the optical division created in April 1983 with the purchase of Henleys Optical Group. The group has diversified into media rights sales since the acquisition of Palan Entertainment Corporation for a consideration of up to £900,000, depending on performance. Palan was headed by Mr Paul Levinson, who has subsequently become chairman of Prestwich. There were extraordinary debts of £283,156 (£201,913) after a tax credit of £43,421 (£25,602 charge).

comment

It might seem odd that Mr Paul Levinson, successful video, film, and television entrepreneur, should immerse his talents in

comment

Mr Levinson, whose stake in PPH will rise to 47 per cent if the media broking business is successful, is keen to build up a diversified group, which offers greater scope for growth by acquisition. The base of the group is the old PPH nuts and bolts business, one of its loss-making manufacturing companies (sold to Glynwed), and now concentrating on distribution. But prospects for rapid expansion have clearly greater in the chain of 27 optician's shops. Following the injection of £1m by Mr Levinson, the group's strong enough to grow quickly with earnings about 38 per cent. The share, up 10p to 75p, change hands at a multiple of about 8 1/2 on pre-tax profits of £850,000 (£538m).

Bowthorpe Holdings INTERIM RESULTS for the half year ended 30th June 1984. Table showing Turnover (£52.56m), Pre-Tax Profits (£9.91m), Earnings per Share (12.0p), and Interim Dividend (2.070p).

Granville & Co. Limited Member of The National Association of Security Dealers. Over-the-Counter Market table listing various companies and their share prices.

COMPANY NEWS IN BRIEF

Although first half pre-tax profits of the London and Edinburgh Trust declined by £243,000 to £2,066m, the directors say indications for the full 1984 year are that figures will be substantially higher. They explain that net rental income will increase by some 80 per cent to £1.1m and add that it is also anticipated that the new financial services division will make an effective contribution to profits. Earnings for the first six months emerged at 9.06p (16.3p on old capital) and a net interim dividend of 2.5p is being paid—a single payment of 3p was paid for 1983 from taxable profits of £35.5m. As indicated in the last annual report at Mireleases the current year has progressed very well, say the directors, on reporting an increase in pre-tax profits from £275,000 to £503,000 for the half-year to the end of August 1984. An interim dividend of 1p net has been declared on this USM stock — the directors say that the final will be unchanged from last year's single payment of 2p. First half earnings per share are shown as rising from 6.5p to 8.5p.

INTERIM RESULTS PROFITS UP Debenhams' interim pre-tax profits rose to £9.1 million, compared with £5.2 million in the first half last year. Table showing Unaudited results for the 28 weeks to 11th August 1984, comparing 1984, 1983, and 52 weeks to 28 January 1984.

The Fleming Overseas Investment Trust plc The company's policy is to emphasise capital performance from a portfolio invested predominantly in overseas markets. Highlights of the year to 30th June 1984, 1983, and % change.

T & S STORES PLC (Incorporated in England under the Companies Act 1948 to 1967, No. 1228935) Placing by Barclays Merchant Bank Limited of 2,320,000 Ordinary shares of 5p each at 90p per share.

UK COMPANY NEWS

John Moore looks at Lloyd's accounting reforms

The cultural revolution takes a forward step

A NEW stage was reached in the cultural revolution in the Lloyd's insurance market yesterday as Mr Ian Hay Davison, chief executive of Lloyd's, unveiled far-reaching accounting reforms for the market's underwriters.

Mr Davison said yesterday: "We face a big educational problem and we have a long way to go. But two years ago these reforms would have been unthinkable in the Lloyd's market."

To the outside world the accounting reforms may seem unexceptional. The key change is that Lloyd's now requires that annual reports of syndicates, into which the 32,438 members of the market are grouped, should give a "true and fair view" of the profit or loss at the end of an underwriting account.

Reforms The changes outlined yesterday are designed to bring accounting procedures within Lloyd's into line with accounting practices elsewhere in the business community.

These moves are among the most significant reforms to be carried out in Lloyd's since scandals involving allegations that more than £100m had been misappropriated by the market's underwriting professionals from funds belonging to underwriting members surfaced at the end of 1982.

Although this is accepted as a normal accounting practice beyond Lloyd's, the market's own accounting procedures have been more primitive. Since its emergence as a market nearly 300 years ago, Lloyd's has developed along club-lines. Its rules were unquestioned and expected by the professionals to be unquestioned,

since it would undermine the whole basis of trust on which the market relied in its relationships with its members. The growth of the market has placed enormous strains on Lloyd's club-like methods of operation. In 1970 there were just 5,998 members of the market which has grown to its present size. Next year there may be 27,000 or so underwriting members at Lloyd's.

These members are grouped into 430 insurance syndicates, some of which are large, running into thousands of members, and some quite small, with perhaps a few hundred or less. When syndicates consisted of relatively few underwriting members the accounts for each underwriting year were kept separate. Each underwriting member was given his own detailed account of his investment in Lloyd's.

But with the growth of membership, and as the syndicates increased in size, the affairs of underwriting members looked for methods to simplify the accounting while still attempting to reconcile their duties as agents to their principals, the underwriting members.

Underwriting members, who largely do not work in the market, did not receive such detailed information or a precise account of funds held on their behalf. Individual accounts to each underwriting member was abandoned in favour of aggregate accounting to whole groups of underwriting members.

Abuses developed as underwriting agents became unclear about the obligations which needed to be discharged in their relationship with their principals, the underwriting members. Funds were not properly

accounted for in the published accounts to the underwriting members or in the management accounts. Yesterday's reforms are designed to change that. Under its own private Act of Parliament Lloyd's has introduced a by-law to ensure that a syndicate's annual reports should give a "true and fair" view of the profit and loss on underwriting accounts as assessed by an auditor. Moreover, the by-law insists that a personal account given to underwriting members of their affairs should also be prepared on a "true and fair" basis. This would show the underwriting member's net result.

Conflicts It also requires that if a professional underwriter carries out business for another syndicate in tandem with a main insurance syndicate for which he acts, he should also disclose relevant information. This is designed to identify potential conflicts of interest. The new requirements insist on a seven-year summary of results to be shown in the report and accounts. The syndicate's report and accounts must now be filed on a Lloyd's central file together with the underwriter's and managing agent's reports.

The "true and fair" view requirements will not become mandatory until the end of 1985. Mr Davison says he has received indications that 120 out of 500 syndicates would face an auditor's qualification on their accounts if those standards applied at the end of this year. The delay is designed to allow those syndicates who fall below the standards to get their affairs into order to satisfy Lloyd's new requirements.

Grosvenor Group soars by 86% to £1.06m

AN 86 PER CENT increase from £573,237 to £1,066m in pre-tax profits is reported by Grosvenor Group, electrical, electronics and engineering group, for the year to June 30 1984.

Commenting on this much improved performance, Mr Gordon Hazard, the managing director, says the results include, for the first time, a full year's contribution from Floform, Rubber and Plastics Industries, and Cera, all of which were acquired during the previous year.

There were also partial contributions from Backer Electric and Weigh-Count International. Grosvenor acquired 54.6 per cent of Backer in February, and 100 per cent of Weigh-Count in March.

Mr Hazard adds that the overall result for the group was in line with the board's expectation, at the beginning of the year. In May 1983, he was expected to take some time to re-establish itself in the market place, but although the order book improved in the second half, it still fell substantially short of the amount required to break even.

In addition, production problems added to its difficulties and resulted in a loss of approximately £500,000 for the year. In contrast to these disappointments, he says there have been excellent performances from other companies in the group, notably Floform Lock & Co and Ensel Electric, which were all ahead of budget for the year, and this trading pattern has continued through the first quarter of the current year.

Group turnover for the year under review advanced by 141 per cent from £8.81m to £23.64m, and operating profits increased from £583,493 to £1,066m. Tax was up from £60,878 to £218,888. The final dividend is raised from 3.25p to 3.5p net for an increased final of 3.75p (5.25p).

Dixons confident of no rival bid for Currys

BY CHARLES BATCHELOR

MR STANLEY KALMS, chairman of Dixons Group, the electrical retailer which last Thursday launched a £175m takeover bid for Currys Group, said after yesterday's shareholders' meeting he was confident there would be no rival bidder.

He dismissed suggestions that any other retailer with electrical interests would bid and said no one outside the electrical sector would be able to understand and sort out the problems at Currys. Dixons plans to send out its offer document on Friday or Monday next. It has asked for a meeting with the Currys board but had not yet had an answer.

Mr Kalms said Currys should be making at least 50 per cent higher profits than it has been. Currys last week announced a 9 per cent fall in pre-tax profits to £8.5m in the six months ended July 28 after making £22.5m in

the preceding 12 months. "On half their number of shops we are forecasting we will make substantially more profits than Currys," said Mr Kalms. "I am not buying a pig in a poke. This is our scene. From day one we have an action plan for Currys."

Dixons plans to operate Currys' stores alongside its own, repositioning and rearranging its products rather than making major changes in the Currys' range. "Although they should not be selling watches in such big shops," he added, "perhaps they should not be in calculators. They have a bit of a dog's dinner in their shops."

During the nine-minute meeting at which not a single shareholder's question was asked, Mr Kalms said he expected a spirited defence from Currys which might include a profits

forecast and a revaluation of its property assets. The only performance measure that matters is trading profit, he said. Commenting on Dixons' recent performance, Mr Kalms said retailing turnover rose 38 per cent in the first 21 weeks of the financial year ending April 1985.

In the rest of the group's activities—photographic processing, pharmaceutical distribution and property—trading was well ahead. "Current trading remains extremely buoyant and we anticipate a highly successful year," he said. Dixons is offering £4.75 cash and one of its own shares for every two Currys shares. Dixons shares rose 5p to 305p yesterday but Currys was also 5p firmer at 408p, and still 15p higher than the value of the Dixons bid.

Britannia Arrow up 6p on bid speculation

The share price of Britannia Arrow Holdings, fund management and financial services company, rose 6p to 73p yesterday on speculation that an unidentified company is poised to make a bid.

The price movement reacted to rumours that a major shareholder in Britannia had sold its stake to an unknown buyer for at least 100p per share. But there is no firm evidence as to the identity of this major buyer. The two largest shareholders in Britannia are United Kingdom Temperance and General Provident Institution, a mutual life company, with 22.75 per cent and London and Manchester Assurance with 8.5 per cent. It is understood that neither company was prepared to comment on rumours of the sale or on the firm rise in the share price.

Carless steps up bid pressure

BY DOMINIC LAWSON

Carless Capel & Leonard has extended its bid for £100m oil share bids on Mallow field and Premier Consolidated Oilfields until October 17. In a new offer document, Mr John Leonard Carless chairman, urges Premier shareholders not to be swayed by rhetoric or emotion. He adds that "on basic investment criteria, the merger is a sound and Premier makes sense."

He says that Premier faces heavy costs in funding the borrowings incurred in buying its highest asset, a stake in the Wyth Farm oilfield, the largest

onshore oilfield in Europe. Mr Leonard argues that it is hard to believe that on its own Premier will be able to carry out its exploration programme. The merger will lift the financial burden which will otherwise weigh heavily on Premier's future, concludes Mr Leonard.

When the second acceptance period closed yesterday afternoon, Carless had attracted support from only 1.77 per cent of Premier shareholders for the bid. At this rate, said Premier chairman Mr Roland Shaw yesterday, it would take Carless five years to take over Premier.

Carless points out in its document that shares in Carless were worth £1,000 10 years ago are now worth £139,400, while over the same period an equivalent sum invested in Premier would be worth only £2,700. Roland Shaw reported that this only proved his point that Carless shares had been overvalued.

Oil analysis considers that the current bid of £2.70 per share for every three Premier shares is not sufficient to carry the day. It is thought that either the introduction of a cash element, or an improved share offer would be necessary.

Approach for Small and Tidmas

Shares of John C. Small & Tidmas, a Nottingham-based manufacturer of knitted fabrics, rose 28p to 80p yesterday to value the company at £68,000 after it announced it had received a takeover approach.

Small & Tidmas made a pre-tax loss of £44,000 in 1983—the fourth successive year of losses—on sales of £5.17m. It agreed in March to sell the principal assets of its warp knitting division to British Vita for £40,000 cash. It has since concentrated its activities on its net and tulle division, which made a trading profit of £42,000 on sales of £1.3m in 1983.

BIDS AND DEALS IN BRIEF

A 20.8 per cent stake in Blumel Brothers, the bicycle manufacturer and importer, changed hands yesterday at a reported price of 16p per share when Mandarin Resources sold to P. T. Cabrini of Indonesia and S. Biemel.

Shell and British Airways. The consideration is £380,000 of which £200,000 has been paid in cash and the balance will be satisfied by the allotment of ordinary shares of AMI Group on October 1, 1985, and October 1, 1986. Net assets of Turner Porter Associates at June 30, 1984 amounted to £101,277.

Wolsey Hughes has acquired EFT Plastics and Metalware of Merthyr Tydfil for around £550,000.

Combined English

Combined English Stores—Stake shares and rights over shares held in discretionary investments portfolios managed by, or on advice from Warburg Investment Management, including investment portfolios held for their own account by members of the Mercury Securities group, were increased by 300,000 ordinary to 8,63m, equal to 16.26 per cent of total voting rights.

MINING NEWS

Black workers at Marievale on strike

FURTHER misunderstandings over the terms of the settlement of the recent strike by black workers in South Africa, who of mining industry have stopped work at Marievale, one of the smaller and older mines in the Gencor group. Essential services, including the treatment plant, are still in operation. Genzor said yesterday that almost all of its 1,180 black workers failed to report for their first day of work on Monday and Tuesday morning. There has so far been none of the violence which marked the dispute at a number of other mines. The strikers have been told that they are taking part in an illegal strike, as the statutory negotiating procedures have not been followed, and that their action could have serious consequences, including dismissal. Genzor added that a delegation of the black workers met the management on Monday to express dissatisfaction with what was said and the strike appeared to be connected with these demands.

The strikers have been told that Marievale was not a party to the recent agreement between the black National Union of Mineworkers and a number of other gold mines. This is clearly a reference to some of the mines in the Anglo American Corporation group, which brought the strike to an end after a day of confusion by amending their arrangements for paying holiday allowances and return bonuses. The Klief mine of Gold Fields of South Africa, the only mine outside the Anglo group to be directly threatened with strike action, made no changes in its arrangements, and has reported no disruption. The continued misunderstandings in the wake of the strike are expected to lead the Chamber of Mines to attempt to impose some degree of conformity on the mines over the way in which fringe benefits are paid. At present, the Chamber's role is confined to negotiating minimum wage levels each year.

RTZ in discussions on Portuguese copper mine

THE London-based Rio Tinto Zinc industrial group looks set to expand its operations in the Iberian Peninsula through the acquisition of a sizeable minority stake in a Portuguese copper project. The group is discussing the purchase of a combined 49 per cent interest in the Neves Corvo project from two French companies, Penarroya, part of the financially-troubled Inset group, and Coframeles, a unit of the state-controlled Bureau de Recherches Geologiques et Minieres (BRGM). Penarroya currently holds 33.8 per cent in the project, and Coframeles' stake is 15.5 per cent. The Portuguese Government holds the remaining 51 per cent. Neves Corvo is regarded as the most important mining develop-

ment in recent Portuguese industrial history. Reserves have been estimated by outsiders at 27.5m tonnes, with a very high average grade of 8.66 per cent copper. The deposit is known to be geologically complex, and also contains lead and zinc. Copper production from Neves Corvo is unlikely to be large enough to have any adverse impact on other mines elsewhere in the world, but the concentrates could be useful in alleviating the current shortage at European smelters, especially in West Germany. RTZ, which last night declined to comment on the discussions, has connections with the Iberian Peninsula dating from before the formation of the present group, and one of the original constituent companies, Rio Tinto Minera, still has operations in Spain.

MINING NEWS IN BRIEF

AUSTRALIA'S Benlson Goldfields Consolidated and Eastern Gold Mines have decided to go ahead with the development of the Fine Creek gold deposit, south-east of Darwin in the Northern Territory. The mine is expected to produce about 480,000 ounces of gold over a life of nine years, and should start production late next year. A new company, Fine Creek Goldfields, is to be set up to develop the deposit. RGC, the Australian arm of London's Consolidated Gold Fields, will

pay Enterprise A\$2.1m (\$1.4m) to increase its stake in the joint venture, and thus in the new company, from 49 per cent to 60 per cent. Enterprise will hold the remaining 40 per cent of Fine Creek Goldfields. After equity contributions of A\$8.25m to the new company, the remainder of the capital cost of the mine will be contributed by way of redeemable preference shares, with Enterprise's total commitment limited to A\$4m by arrangement between the two companies.

IMPORTANT NOTICE TO HOLDERS OF 4% CONVERTIBLE DEBENTURES OF AM INTERNATIONAL, INC.

This Notice is to advise holders of 4% Convertible Debentures due 1988 of AM International, Inc. ("AMI"), formerly Adversograph-Multigraph Corporation, of the procedure for surrendering their debentures in order to receive the distribution of cash due them under AMI's Plan of Reorganization (the "Plan"). The Plan was confirmed by an Order of the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, dated September 11, 1984. The Plan provides that holders of AMI's Convertible Debentures will receive distributions of cash and new common stock of AMI upon surrender of the Convertible Debentures and delivery of a Letter of Transmittal to the Disbursing Agent under the Plan, State Street Bank and Trust Company ("State Street Bank"). The form of the Letter of Transmittal may be obtained by writing to: State Street Bank and Trust Company, Corporate Stock Transfer Unit, 145 Newport Avenue, Five East, No. Quincy, Massachusetts 02171, U.S.A. and requesting the "Letter of Transmittal for AM International 4% Convertible Debentures." The Letter of Transmittal may also be obtained at the office of Citibank, N.A., 5 Hanover Square, 14th Floor, New York, New York 10043, U.S.A., Attention: Corporate Trust Department, at the offices of Citibank, N.A. in Amsterdam (Herengracht 545-549, 1017 BW, Amsterdam, The Netherlands), in Brussels (Avenue de Terwagne 249, B-1150, Brussels, Belgium), in London (Citibank House, 236 Strand, P.O. Box 78, London, England WC2R, 1HB), in Milan (Foro Buonarroti N. 16, 20121, Milan, Italy), in Paris (Citicenter 19 in Paris La Defense, 7, Paris, France), at Citibank AG, Frankfurt/Main (Neue Mainzer Strasse 40/42 D-6000, Frankfurt/Main, Germany) in each case, Attention: Manager, Securities Department, and at the main office of Kredietbank S.A. Luxembourg (37 Rue Notre-Dame, Luxembourg-Ville, Luxembourg). No distribution under the Plan will be made to a holder of AMI's 4% Convertible Debentures until the debenture certificate, accompanied by the Letter of Transmittal, is delivered to State Street Bank in accordance with the instructions set forth in the Letter of Transmittal.

FINANCIAL TIMES CONFERENCES

WORLD TELECOMMUNICATIONS

Top-level speakers will be taking part in the forthcoming Financial Times conference on World Telecommunications to be held at the London Hotel Inter-Continental on December 11 & 12 1984. The opening address will be given by The Hon Norman Ashton, Secretary of State for Trade and Industry. Topics and speakers will include: * British Telecom's Goals as a Private Corporation * Sir George Jefferson, CBE British Telecommunications plc * A T & T: After Divestiture, the Way Ahead * Mr James E Olson A T & T Technologies * Towards a European Telecommunications Market * M Jacques Domergue, Ministere des PTT, Paris * The Telecommunications User as an Information Provider * Mr Kenneth L Phillips Citicorp (USA) Inc For further details of this 1984 conference please contact: The Financial Times Conference Organisation, Minister House, Arthur Street, London EC4A 9AX. Tel: 01-621 1355 (24-hour answering service) Telex: 27347 FTCONF

New Issue October, 1984. This advertisement appears as a matter of record only. These Notes have not been registered under the United States Securities Act of 1933. Chevron U.S.A. Inc. San Francisco, U.S.A. U.S.\$ 600,000,000 12 1/4% U.S. Dollar Notes due October 10, 1989 unconditionally guaranteed by the Chevron Corporation, San Francisco, U.S.A. Deutsche Bank Aktiengesellschaft, Merrill Lynch International & Co., Morgan Guaranty Ltd, Credit Suisse First Boston Limited, Nomura International Limited, Salomon Brothers International Limited, Morgan Stanley International, Union Bank of Switzerland (Securities) Limited, S.G. Warburg & Co. Ltd., Swiss Bank Corporation International Limited, Algemeine Bank Nederland N.V., Arco International, Arnold and S. Bleichroeder, Inc., Atlantic Capital Corporation, Baden-Wuerttembergische Bank Aktiengesellschaft, Julius Baer International Limited, Banca Commerciale Italiana, Banca del Gottardo, Bank of America International Limited, Bank of Gutzwiller, Kurz, Bungenier (Overseas) Bankers Trust International Limited, Bank J. Vornloeb & Co. AG, Bankers Bruehlmann Lambert S.A., Bank of Montreal, Bank of New York, Bank of Paris, Banque Generale de Luxembourg S.A., Banque Paribas, Banque Paribas, Banking Brothers & Co. Limited, Bayerische Vereinsbank Aktiengesellschaft, Joh. Benzenberg, Goslar & Co., Berliner Bank Aktiengesellschaft, Berliner Handels- und Frankfurter Bank, Cazenove & Co., Chemical Bank International Limited, Commerzbank Aktiengesellschaft, Credicorp International Bank Limited, Credit Agricole, Credit du Nord, Creditanstalt-Bankverein, Dai-ichi Kangyo International Limited, Delbruck & Co., Dominion Securities Pitfield Limited, Dresdner Bank Aktiengesellschaft, Eurocomitree S.p.A., Efficentbank-Warburg Aktiengesellschaft, Eurocomitree S.p.A., First Chicago Limited, Fuji International Finance Limited, Handelsbank N.W. (Overseas) Limited, Goldman Sachs International Corp., Hill Samuel & Co. Limited, Industriebank von Japan (Deutschland) Limited, Kiewit, Benson Limited, Kidder, Peabody International Limited, Lloyds Bank International Limited, Lehman Brothers International, Inc., Manufacturers Hanover Limited, McLeod Young Weil International Limited, Metzler and Söhne & Co., Mitsubishi Finance International Limited, The Nikko Securities Co. (Europe) Ltd., Morgan Grenfell & Co. Limited, Orlon Royal Bank Limited, Postipankki, Sal. Oppenheim jr. & Cie., Rabobank Nederland, Societe Generale, Sumitomo Trust International Limited, Trinkaus & Burkhart, Dean Witter Reynolds Overseas Ltd., M.M. Warburg-Brinckmann, Wirtz & Co., Yasuda Trust Europe Limited.

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday October 10 1984

BANQUE PASCHE 10 rue de Hollande GENEVA - SWITZERLAND

NEW YORK STOCK EXCHANGE 26-28 AMERICAN STOCK EXCHANGE 27-28

WALL STREET

Nervousness puts end to early rally

NERVOUSNESS ahead of the quarterly reporting season returned to Wall Street before the end of the session yesterday.

An unexpectedly sharp fall in the federal funds rate had helped the market to stage a successful rally earlier in the day.

Credit markets, by contrast, held on to their initial price gains, encouraged by a further dip to 10 per cent in the federal funds rate.

By the close the Dow Jones industrial average was 2.76 points down at 1,175.13 after being a net 6.5 up at mid-morning.

Federal funds opened at 10 per cent, compared with around 10 1/2 per cent on Friday and 11 1/2 per cent only a week ago.

the Fed is willing to relax credit policies in view of the slowdown in money supply growth.

But the announcement of matched purchases - which came when the funds rate stood at 10 1/2 per cent - suggested that the early fall in the rate was too steep for the Fed's liking.

Early gains in bond prices were trimmed at mid-session. The protracted delay in obtaining congressional approval for the new federal debt ceiling heightened nervousness regarding the expected rush of new Treasury funding.

In the stock market, the first corporate third-quarter reports were received with caution. Eastern Air Lines, at \$5, gained a further 1/4 on its return to profitability.

United Telecom held steady at \$21 1/4 after reporting profitability for the third quarter. AT & T was also unchanged at \$19 1/4.

International Paper, world leader in the industry, added 3/4 to \$49 on improved third-quarter earnings.

Among the mainframe computer issues, Burroughs gained 3/4 to \$51 1/4 in thin trading after announcing the expected new models.

Again prominent on the active stocks list was Storage Technology, whose data equipment has to compete with IBM.

Better news on union response to the recent wage talks left General Motors unchanged at \$76 1/4.

CBS, the TV operator, was 5/8 better at \$78 after reporting increased profits for the third quarter.

Money market rates dipped by 10 basis points or more in response to the federal funds rate.

The heavy overhang of some new issues took 1/4 point or more off municipal bond prices.

LONDON

Money data put a dent in sentiment

DISAPPOINTING money supply statistics prompted caution late yesterday after London stock markets had displayed a quietly firm trend earlier in the session.

Dealers adopted defensive tactics, lowering quotations for gilt-edged and leading shares. Index-linked securities surrendered initial gains.

The FT Industrial Ordinary index, which had been 4 points higher in the early afternoon, closed 0.4 down on balance at 866.2.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30-31

TOKYO

Stimulus by drug makers is little help

PHARMACEUTICAL and biotechnology-related issues stood out in an otherwise dull pre-holiday Tokyo stock market yesterday.

The continued drop in New York overnight further dampened investor interest and sparked small-lot selling of blue chips.

The Nikkei-Dow market average was 8.22 down at 10,668.11, dropping for the third day running.

With no clear prospects for a yen rally against the U.S. dollar, investor expectations of rises in blue chips towards the end of the year subsided.

Only a few biotechnology stocks came under the spotlight. Mochida Pharmaceutical climbed Y200 to a record Y11,900.

Nichiban, an adhesive tape and hand-gel maker which is diversifying into pharmaceuticals, firmed Y56 to Y790.

Teijin remained volume leader, with 14m shares traded rising Y7 to Y423, again helped by the news of the development of a pollution-free electrode material.

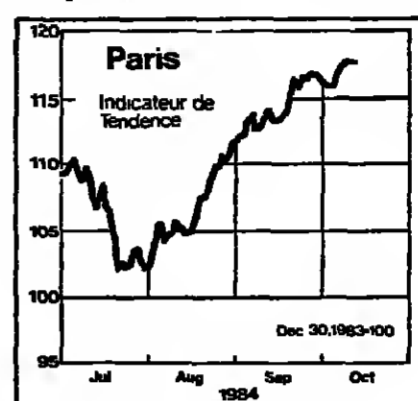
Sumitomo Light Metal, the second busiest with 13.3m shares, added Y12 to Y335 on the strength of brisk demand for an aluminium magnetic disk.

Morinaga, which shed Y54 on Monday on reports that anonymous blackmailers had laced its products with sodium cyanide, improved Y23 to Y489.

Blue chips remained weak in general on light sales across a broad front.

The bond market was weak in extremely thin trading due to the closure of U.S. federal bond markets the previous day.

The yield on the benchmark 7.5 per cent government bond due in January 1993 rose slightly to 7.1 per cent from 7.095 per cent.



EUROPE

Foreigners aid the firm tone

FOREIGN buying, boosted in part by the stronger U.S. dollar, was evident in many European centres yesterday.

Early boisterous buying in Frankfurt dissipated, though, and prices rarely gained or lost more than DM 1.

Most activity occurred in the banking sector, where Deutsche Bank took on DM 3.50 to DM 369.50.

Blue-chip electrical Siemens, a favourite with foreign investors, jumped DM 6.40 to DM 447.40, despite losing a large British Telecom contract.

traced by Monday's holiday in the U.S. markets. The Bundesbank bought DM 43m of paper after selling DM 10.7m the previous day.

More active trading was seen in Amsterdam where prices turned higher after a hesitant opening.

Boskalis traded 20 cents lower at F1 12 amid plans to sell its civil engineering contractor as part of its restructuring.

No clear trend was evident in Paris. Metals, oils and financials were mixed in dull trading.

Imetal slipped FFr 1.50 to FFr 68, Elf Aquitaine dropped FFr 3 to FFr 253, while Avions Dassault put on FFr 20 to FFr 720.

Brussels ended mostly steady, with attention focusing on Groupe Bruxelles Lambert following news that it plans to increase its stake in Petrofina.

A drop in Swiss inflation during September failed to enliven sentiment in a quiet Zurich.

Motor Columbus, the energy holding and consulting group, gained SwFr 9 to SwFr 794.

In the bond market, trading was subdued.

Industrial issues led a late rally in Milan, but momentum failed to gather, and most sectors ended mixed.

Early boisterous buying in Frankfurt dissipated, though, and prices rarely gained or lost more than DM 1.

The upward drift in Madrid ended yesterday when the first declines in nine days were recorded.

Lack of buying interest took Stockholm lower.

Table with multiple sections: KEY MARKET MONITORS (line graphs for FT-Actuaries All-Share Index, Dow Jones Industrial Average, FT-Industrial Ordinary Index, FT-Industrial Ordinary Index (excl. Shares)), STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, Yen, etc.), INTEREST RATES (Euro-currencies, U.S. Fed Funds, U.S. 3-month T-bills), U.S. BONDS (Treasury, Corporate, AT & T), FINANCIAL FUTURES (Chicago, U.S. Treasury Bonds, U.S. Treasury Bills, Certificates of Deposit), LONDON (Three-month Eurodollar, 90-day National Cash, 90-day National Cash), COMMODITIES (Silver, Copper, Coffee, Oil).

AUSTRALIA

A DOWNWARD movement in active Sydney dealings was attributed to depressed metal values rather than to the widely anticipated calling of an early general election.

Elsewhere, Mayne Nickless, the transport and security group contesting a bid for control by APM, rose 13 cents to AS3.73.

HONG KONG

THE MORE buoyant tone which began to emerge in Monday's late Hong Kong dealings was sustained as foreign institutions returned.

Hongkong Land rallied 13 cents to HK\$3.05 on news of the planned sale of a large hotel which would ease its debt burden.

Jardine Securities recouped 15 cents at HK\$5.50.

SINGAPORE

SELLING pressure abated somewhat in Singapore but still held sway, although offerings were well absorbed in growing volume.

Falls led rises by seven to five, far narrower than Monday's 12 to one ratio, and isolated speculative issues made prominent gains.

SOUTH AFRICA

A MIXED result for Johannesburg golds left FS Geduld 50 cents ahead at R55 while Kloof moved the same amount lower to R70.50.

Gold Fields of SA dipped 25 cents to R28.50 in further reaction to poorer performances from group mines.

Retailer CNA Gallo gained 30 cents to R2, but insurer Protea slipped 15 cents to R1.60.

CANADA

WEAKNESS was evident across the entire range of Toronto resource issues, with golds, base metals and energy all showing setbacks.

Advertisement for Barclays Unicorn Multicurrency Fund. Text: 'NOW YOU TOO CAN PROFIT FROM INTERNATIONAL MONEY MARKETS. Every day in the papers and on TV you see it: interest rates constantly changing and the dollar, the pound, the deutschemark and the yen going up and down against each other. Many investors make money from these movements. Now you can too, if you have at least £2,500 to invest in the Barclays Unicorn Multicurrency Fund based in Jersey. This 'roll-up' fund enables you to obtain advantageous rates of interest while at the same time providing the peace of mind of knowing your capital is safe, in your chosen currency. How does it work? The funds are placed on deposit, mainly with international banks, but they may also be invested in short term high yielding money market instruments, thus providing investors with returns close to wholesale money market rates. You have the option of choosing the currency you want your money to go into from sterling, US dollars, deutschemarks and yen and you can subsequently switch from one to another at no charge. It is a superb opportunity to earn a high rate of interest with minimal risk, and have the ability to switch conveniently between currencies. There are also substantial tax advantages. Because no income will be distributed to investors but will accumulate instead in the Multicurrency Fund, there are benefits for: (i) UK resident taxpayers for whom the ability to defer income tax is useful, e.g. people nearing retirement. (ii) Intending emigrants from the UK. (iii) Expatriates returning temporarily to the UK for a period during which they do not wish to be taxed upon interest. Of course the fact that this fund is administered by Barclays, one of the world's largest banks, means that investors can be confident that it will be receiving professional attention at all times. Isn't now the time for you to find out more? Simply send the coupon for the full prospectus and application form which must accompany your remittance.'

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Late fall follows money stock news which dampens hopes of lower interest rates

Account Dealing Dates

First Declared Last Account Dealing Date... Oct 1 Oct 13 Oct 22 Oct 25 Oct 26 Nov 5 Nov 9 Nov 14

Disappointing money supply statistics prompted caution late yesterday... London stock markets had displayed a quietly firm trend earlier in the session.

Dealers adopted defensive attitudes, lowering quotations for gilts... The assumption that investors would be tempted to realise recent profits.

Conventional gilt-edged again suffered the effects of fund-raising for investment elsewhere... and were already a little ahead of the money stock news.

Merchant banks fall... Comment on the financial implications of the four-way merger involving Mercury Securities, stockjobbers Alroy and Suddards and, stockbroker, Conrad, Bond and Pittman and Mullens prompted revised sell-

Account Dealing Dates

ing of the two first-named and dullness among other financial concerns taking part in the current City revolution.

Shipping and ship-repairing consultants A. and P. Apple-dore made a satisfactory debut in the listed Securities Market, placed at 37p.

Publicity given to a broker's bullish circular prompted initial support of leading Breweries. Sporadic profit-taking was expected later, however, and although some small buying was evident towards the close, most issues finished with modest losses.

FT-actuarial share indices... These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

FT-ACTUARIAL SHARE INDICES

Table with columns: Index, Day's Change, High, Low, etc. for various equity groups and sub-sections.

FIXED INTEREST

Table with columns: Price, Yield, Tenure, etc. for various fixed interest securities.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Oct 9, Oct 8, Oct 5, Oct 4, Oct 3, Oct 2, Year Ago.

10 am 882.2 11 am 883.8 Noon 871.2 1 pm 870.6 3 pm 870.0 3 pm 868.0

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index, High, Low, Since Completion, Oct 9, Oct 8.

Stores below best

Buoyant recently on hopes of lower interest rates, leading Stores displayed resilience to the disappointing money supply figures.

Buyers continued to be attracted to Hawker's interim results and the close was a two-day fall of 24p following yesterday's annual meeting.

Sears disappoints

The merger 2.5 per cent interim profits increase from Sears disappointed and the close was 4 down at 79 1/2.

LASMO weak

Worries over possible downward pressures on North Sea oil prices during the fourth quarter led to nervous selling of leading Oils although losses were generally of a modest nature.

Woolworths

Woolworths reported a 10 per cent increase in profits and a 10 per cent increase in sales.

Woolworths

Woolworths reported a 10 per cent increase in profits and a 10 per cent increase in sales.

Woolworths

Woolworths reported a 10 per cent increase in profits and a 10 per cent increase in sales.

Woolworths

Woolworths reported a 10 per cent increase in profits and a 10 per cent increase in sales.

Among Overseas Traders

Among Overseas Traders, Inception eased 10 to 385p, after 385p, as the placing of a sizable line of stock proved only partially successful.

Golds down again

South African Golds lost ground for the fourth successive trading day and the sixth time in seven sessions as the bullion price remained virtually unmoved at around the 854i an ounce level.

Among Leisure issues, Tottenham Hotspur firmed 3 to 72p following the announcement that the company had been granted planning permission for the development of a sports and leisure complex adjoining its football stadium.

NEW HIGHS AND LOWS FOR 1984

Table with columns: Index, High, Low, Since Completion, Oct 9, Oct 8.

ACTIVE STOCKS

Table with columns: Stock, Price, Change.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Price, Change.

OPTIONS

Table with columns: Option, Price, Change.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Change.

LONDON TRADED OPTIONS

Table with columns: Option, Price, Change.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EQUITIES

Table with columns: Index, High, Low, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Change.

ACTIVE STOCKS

Table with columns: Stock, Price, Change.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Price, Change.

OPTIONS

Table with columns: Option, Price, Change.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Change.

LONDON TRADED OPTIONS

Table with columns: Option, Price, Change.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

HOTELS—Continued

Table with columns: Stock, Price, Change, High, Low, Bid, Offer, Volume, etc. for various hotel stocks.

FT LONDON SHARE INFORMATION SERVICE

Clear-A-Debt Ltd Credit Management Consultants THE ETHICAL PROFESSIONALS 01-683 0141

AMERICANS

BEERS, WINES—Cont.

DRAPERY & STORES—Cont.

ENGINEERING—Continued

INDUSTRIALS (Misc.)

BRITISH FUNDS

Table of British Funds with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

ELECTRICALS

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

Over Fifteen Years

Table of Over Fifteen Years funds with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

UNDATED

Table of Undated funds with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

INDEX-LINKED

Table of Index-Linked funds with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

CORPORATION LOANS

Table of Corporation Loans with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

LOANS

Table of Loans with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

DRAPERY AND STORES

Table of Drapery and Stores with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

ENGINEERING

Table of Engineering with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

FINANCIAL

Table of Financial with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

BANKS, HP & LEASING

Table of Banks, HP & Leasing with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

REPUBLICAN

Table of Republican with columns: Name, Price, Change, High, Low, Bid, Offer, Volume, etc.

Handwritten signature or mark at the bottom of the page.

السوق المالية

Table of Industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

Table of Leisure stocks including companies like British Airways, British Telecom, and British Gas.

Table of Property stocks including companies like British Land, Granada, and News International.

Table of Investment Trusts including various funds like British American and British Overseas.

Table of Oil and Gas stocks including companies like British Petroleum, Shell, and ICI.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including companies like British Aerospace and Rover.

Commercial Vehicles

Table of Commercial Vehicles stocks including companies like Leyland and Daimler.

Components

Table of Components stocks including companies like Lucas and Lucas Industries.

Garages and Distributors

Table of Garages and Distributors stocks including companies like Halfords and Halfords Stores.

SHIPPING

Table of Shipping stocks including companies like British Overseas Airways and British Airways.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like Debenhams and Debenhams Group.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American and Anglo Coal.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including companies like News International and Newsprint.

PAPER, PRINTING ADVERTISING

Table of Paper, Printing, and Advertising stocks including companies like Newsprint and Newsprint.

TEXTILES

Table of Textiles stocks including companies like J. & F. Wright and J. & F. Wright.

TOBACCO

Table of Tobacco stocks including companies like British American Tobacco and British American Tobacco.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including various funds and companies.

OVERSEAS TRADERS

Table of Overseas Traders stocks including companies like Anglo Siam and Anglo Siam.

PLANTATIONS

Table of Plantations stocks including companies like Anglo Siam and Anglo Siam.

INSURANCES

Table of Insurance stocks including companies like British American Insurance and British American Insurance.

LEISURE

Table of Leisure stocks including companies like British Airways, British Telecom, and British Gas.

PROPERTY

Table of Property stocks including companies like British Land, Granada, and News International.

INVESTMENT TRUSTS

Table of Investment Trusts including various funds like British American and British Overseas.

OIL AND GAS

Table of Oil and Gas stocks including companies like British Petroleum, Shell, and ICI.

Diamond and Platinum

Table of Diamond and Platinum stocks including companies like De Beers and De Beers.

MINES

Table of Mines stocks including companies like Anglo American and Anglo Coal.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including companies like Anglo Siam and Anglo Siam.

Daiwa Securities logo and company name.

MINES—Continued

Table of Mines stocks including companies like Anglo American and Anglo Coal.

TINS

Table of Tins stocks including companies like Anglo Siam and Anglo Siam.

MISCELLANEOUS

Table of Miscellaneous stocks including various companies.

NOTES

Notes regarding stock prices and market conditions.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including companies like Anglo Siam and Anglo Siam.

OPTIONS—3-month call rates

Table of Options—3-month call rates for various companies.

RECENT ISSUES AND "RIGHTS" PAGE 39

Recent issues and rights page 39 information.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Alliance Unit Tr. Mgrs., and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including categories like Bond Managers, Equity Managers, and Specialist Managers, with detailed columns for trust names, managers, and performance data.

Table of insurance companies and their products, including sections for Life Insurance, Fire Insurance, and General Insurance, listing various policies and providers.

F.T. CROSSWORD PUZZLE No. 539

- 1 Considering taking some water to Elizabeth (6)
2 Tactful princess has unusual secret (8)
3 Part of the lock which may hold water (7)
4 Ring me during the entertainment, one way or another (7)
5 After first encounter with rough sea, rest (4)
6 Sarah has a male, red-backed, amphibian (10)
7 Church vessels in which milk was kept (6)
8 School girl takes in a hand-reared lamb (7)
9 Leading ladies speak glibly about the record (7)
10 One of its passengers will be late (5)
11 The bizarre sea-lion act is to get a rapid increase (10)
12 It'll take you there and back at eleven (4)
13 Savings made, for example, in re-designed Gents (4-3)
14 Hard to catch except when returning about five, that is (7)
15 Hoped to change the surprise (5)
16 Tactlessly shy attempt to conceal the wild daw (6)
17 Bill takes a quarter of an hour rest (5)
18 In a very short time, left me one of a number of payments (10)
19 One spreads it when shipping fish in (9)
20 Figure it's in Arlington, Virginia (8)
21 Reserved fresh case for half-time (8)
22 Kind of butter I leave Poutia mixing (6)
23 Getting through, all right, in the card game (5)
24 Cold tests arranged by the class (5)
25 Blow fifty on the deposit (4)
26 Solution to Puzzle No. 538

Grid for crossword puzzle No. 539 with numbers 1 through 26 indicating starting positions.

Grid for crossword puzzle No. 538 with numbers 1 through 26 indicating starting positions.

Grid for crossword puzzle No. 537 with numbers 1 through 26 indicating starting positions.

Grid for crossword puzzle No. 536 with numbers 1 through 26 indicating starting positions.

Grid for crossword puzzle No. 535 with numbers 1 through 26 indicating starting positions.

Handwritten signature: J. B. K. 1984

Handwritten Arabic text at the top center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Main table of insurance, overseas, and money funds, listing companies like CAL Investments (IHM) Ltd, Swiss Life Assurance Co Ltd, and various international investment funds.

Table of money market and trust funds, including Midland Bank Trs Corp (Jersey) Ltd, Sun Life of Canada, and various money market and trust funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds, including Acthorns Investment Fund SA, Aberg Financial Management Limited, and various international investment funds.

Money Market

Trust Funds

Money Market Bank Accounts

Table of money market bank accounts, including Midland Bank, Sun Life of Canada, and various money market bank accounts.

NOTES

Notes section providing additional information and disclaimers regarding the fund data.

COMMODITIES AND AGRICULTURE

Irish milk quota issue may go to European Court

BY BRENDAN KEENAN IN DUBLIN

THE Irish Government has warned that it will go to the European Court if necessary in the latest controversy over the increased milk production awarded to Ireland in EEC quota negotiations last March.

The Irish claim that their production for this year should be almost 60,000 tonnes higher than the figure agreed in the negotiations.

The EEC allowed Ireland a 4.84 per cent increase above its last year's production after tough bargaining in which Dr Garrett FitzGerald, the Irish Minister, staged a walkout.

The problem has arisen because actual output for last year turns out to have been considerably larger than the provisional figures used in the negotiations.

There are already re-estimations in Dublin over the scale of the error, equivalent to almost 1 per cent of total output.

Most of it was attributable to the production of a large co-operative in Co Cavan. The confusion appears to have arisen over whether to include the output going to a subsidiary which makes cream liqueur.

The co-operative's manager says the fault lay either with the Agriculture Department or the Central Statistics Office, which had been supplied with full information.

The disputed production would be worth an estimated £12m (£9.8m) a year and Mr Austin Desy, the Irish Agriculture Minister, met EEC Commissioner Mr Paul Dalsager on Monday to discuss the matter.

Mr Dalsager is not willing to accept the higher figure, apparently on the basis that there was an understanding the March figures would be final.

Mr Desy argued that it is nonsensical to base Ireland's quota other than on the actual 1983 output. His government is confident he has a good case to bring before the Court of Justice if the European Com-

mission does not agree to the higher figure. Richard Mooney writes: In Britain meanwhile the Agriculture Ministry is concerned that too many dairy farmers are seeking special treatment under the system which allows bigger quotas to producers whose production in the 1983 base-year was affected by special circumstances.

"It is very worrying that some producers are pursuing claims which stand no chance of success," Mr Michael Jopling, the Agriculture Minister, said yesterday.

He noted that only about a quarter of cases taken to the special tribunal resulted in the award of extra quota.

"Many producers could avoid wasting their own time and money... if they studied the specific requirements which must be satisfied before extra quota can be awarded," he said.

But when an entire industry has been subjected to returns that fall short of covering costs for three-and-a-half years, it is obvious that many companies are on the brink of closing forever," he said.

Sugar market hours to be extended

By John Edwards, Commodities Editor

THE London Sugar Futures market is to extend its trading hours to incorporate officially the late afternoon kerf. From November 1 market hours will be 10.30 am to 7 pm, with a lunchbreak between 12.45 pm and 2.30 pm and a mid-afternoon call session at 4.40 pm.

The change will mean kerf business will be confirmed by the International Commodities Clearing House on the same day, instead of being carried over to the following morning.

It is part of a general move by the London sugar futures market to streamline trading activities in an effort to recapture some of the business lost to the past year.

Latest figures from the International Commodities Clearing House showed that turnover on the London raw sugar futures market in the first nine months of this year dropped to 500,263 lots.

This compared with 890,673 lots on the sterling contract and 28,733 lots on the dollar contract, in the corresponding period last year.

Cocoa remained the most heavily traded "soft" (non-metal) commodity futures market in the first nine months of the year, with a cumulative total turnover of 1,054,677 lots against 1,212,075 in the corresponding period last year.

Turnover on the coffee futures market was also up, at 761,901 (623,692) lots. However, corn futures were down in the first nine months of this year for gasoil at 361,952 lots against 463,476 during January-September last year.

Former Rhodesians develop Thailand's tobacco industry

BY CHRIS SHERWELL, RECENTLY IN CHIANG MAI

IT IS not only dusty-edged streets, colourful flowers, low buildings and open spaces which create the unlikely illusion of a field Rhodesia in Chiang Mai.

A group of former white Rhodesians is there, too—growers, buyers and blenders who are helping to develop Thailand's tobacco industry.

Thailand is not widely known for tobacco while Chiang Mai usually conjured up images of hill tribes, opium warlords and the Kuomintang Army driven from the north.

The Thai tobacco industry, however, existed since the 1850s, started by British American Tobacco and now dominated by the official Thai Tobacco Monopoly.

This monopoly take perhaps a third of the 40,000 tonnes of tobacco produced, with the rest going for export.

This total is less than in previous years when it has topped 52,000 tonnes, and is small compared to the U.S. or present-day Zimbabwe.

About four-fifths of the output is low-nicotine Virginia tobacco, grown in the north around Chiang Mai. Further south, burley tobacco is grown, which is air-cured. A small quantity of oriental or Turkish tobacco is also harvested.

The official tobacco monopoly is not directly involved in growing, curing or exporting Thai tobacco. Indeed, in simply manufacturing cigarettes for the home market it actually needs to import tobacco to supplement the local product, which is low-nicotine filler tobacco.

The monopoly must also compete against smuggled foreign brands which are freely available on the streets of Bangkok. BAT, Philip Morris and Reynolds have each proposed a joint venture for the manu-

facture of their brands in Thailand. A decision is awaited. In the growing, curing and export of Thai tobacco, however, at least nine companies with foreign interests are involved, all located in Chiang Mai.

Take the two companies actually involved directly in growing—Universal Leaf Tobacco of the U.S. through a group called Thai-Am Tobacco, and Standard Commercial also of the U.S., in the Siam Tobacco Export Corporation (S.E.C.). Each has a local partner. Thai-Am has a banking partner, too.

In other countries, like Zimbabwe, commercial farmers own their own land, employ their own labour and cure the tobacco they produce in their own barns.

In Thailand, companies like Thai-Am grow seedlings and supply them—along with fertiliser, insecticide, cash advances and advice—to tens of thousands of peasant farmers who often rent their tiny plots of land from absentee landlords.

For these farmers tobacco is usually their second crop after rice, which is often used to pay rent in kind. Tobacco offers them cash. The two companies buy the harvested leaves which they will cure themselves.

This covers a sizeable fragment of the total crop—say 10 per cent of the total in the case of Thai-Am. Several hundred Thai curers buy up the rest. At this point all the foreign-related companies will come into the business.

They buy the cured tobacco and export it carefully through customers from Japan, the U.S., Britain, Sweden and elsewhere. This, say those in the industry, is where the money can be made—and this is where the former Rhodesians play

Tin prices rise again on LME

TIN PRICES rose again on the London Metal Exchange yesterday, following further support buying by the buffer stock of the International Tin Council.

Standard grade cash tin rose by £140 to £9,630 a tonne. The upward trend was accelerated by speculative buying interest.

Meanwhile, aluminium lost further ground. Cash aluminium dropped by £6.5 to £792.5 a tonne, while the three month quotation fell by £9.5 to £813.75.

Another U.S. producer, Consolidated Aluminum, a subsidiary of Alusuisse, announced it was cutting output still further at its New Johnsonville plant in St Louis due to high power costs and deteriorating primary aluminium prices.

● SUGAR production in the EEC for 1984-85 was forecast at 12.5m tonnes (white value) in a report published yesterday by S. E. W. Berisford, the London brokers. The figure compares with one of 12.19m tonnes (raw value), equivalent to about 11.2m tonnes of whites, issued by Woodhouse, Drake and Casey (Sugar), another London broker, on Monday.

● CADBURY TYPHOON raised wholesale tea prices on all trade orders taken from yesterday due to recent sharp price rises at world auctions, the company said.

The move, which follows a similar announcement by Brooke Bond Oxo on Monday, is expected to lead to price rises of 119p for a packet of 80 tea-bags.

● FEED GRAIN offers for intervention received by Britain's Home Growth Cereals Authority reached 2,006,624 tonnes on Monday.

Feed wheat offers were 32,000 tonnes, bringing the total since the season started on August 1 to 1,374,921 tonnes. Barley registrations of 6,200 tonnes raised the volume to 631,903

Soyabean processors face problems

BY ANDREW GOWERS

POOR RETURNS from crushing soyabean are causing severe problems for processors and putting upward pressure on soyabean oil prices, according to Mr Charles Erickson, corporate economist with Carilli, the U.S. commodity trader.

He told the American Soybean Association's Outlook Conference at the Post House Hotel, Heathrow, yesterday that soyabean meal prices, which have been under pressure as a

result of depressed demand for animal feed and sharp competition from other products, such as maize gluten, could weaken further.

As a result processors were looking increasingly to the oil to provide the necessary return and the processing business was being demanded rather than supply.

According to official U.S. estimates oil now provides 48 per cent of the revenue from crushing soyabean, compared

with only 30 per cent two years ago.

Mr Erickson said that between July and September U.S. processors were operating at 56 per cent of capacity. As a result their margins improved substantially.

"But when an entire industry has been subjected to returns that fall short of covering costs for three-and-a-half years, it is obvious that many companies are on the brink of closing forever," he said.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Oct. 9 1984, + or -, Month ago, Oct. 9 1984, + or -, Month ago. Rows include Metals (Aluminium, Copper, Lead, Zinc, Tin), Petroleum (Crude oil, Gas oil, Kerosene), and other commodities.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Unit, Price, Change. Rows include Base Metals (Copper, Lead, Zinc, Tin), Grains (Wheat, Barley), and other commodities.

BASE METALS

Table with columns: Commodity, Unit, Price, Change. Rows include Nickel, Silver, Copper, Tin, Lead, Zinc, and other metals.

WEEKLY METALS

Table with columns: Commodity, Unit, Price, Change. Rows include Tin, Lead, Zinc, and other metals.

AMERICAN MARKETS

Table with columns: Commodity, Unit, Price, Change. Rows include Wheat, Barley, Soyabean, and other commodities.

NEW YORK

Table with columns: Commodity, Unit, Price, Change. Rows include Sugar, Coffee, and other commodities.

CHICAGO

Table with columns: Commodity, Unit, Price, Change. Rows include Live Cattle, Live Hogs, and other commodities.

LONDON OIL

Table with columns: Commodity, Unit, Price, Change. Rows include Arabian Light, Brent, and other oil products.

GAS OIL FUTURES

Table with columns: Commodity, Unit, Price, Change. Rows include Gas oil futures contracts.

GOLD MARKETS

Table with columns: Commodity, Unit, Price, Change. Rows include Gold prices in London and other markets.

INDICES

Table with columns: Index Name, Value, Change. Rows include various financial and commodity indices.

REUTERS

Table with columns: Commodity, Unit, Price, Change. Rows include international commodity prices.

MOODY'S

Table with columns: Commodity, Unit, Price, Change. Rows include Moody's commodity price index.

WOOL FUTURES

Table with columns: Commodity, Unit, Price, Change. Rows include wool futures contracts.

EUROPEAN MARKETS

Table with columns: Commodity, Unit, Price, Change. Rows include European market prices for various commodities.

ALUMINIUM

Table with columns: Commodity, Unit, Price, Change. Rows include aluminium prices.

COCOA

Table with columns: Commodity, Unit, Price, Change. Rows include cocoa prices.

POTATOES

Table with columns: Commodity, Unit, Price, Change. Rows include potato prices.

SOYABEAN MEAL

Table with columns: Commodity, Unit, Price, Change. Rows include soyabean meal prices.

COTTON

Table with columns: Commodity, Unit, Price, Change. Rows include cotton prices.

MEAT/FISH

Table with columns: Commodity, Unit, Price, Change. Rows include meat and fish prices.

RUBBER

Table with columns: Commodity, Unit, Price, Change. Rows include rubber prices.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm in quiet trade

The dollar was firmer on the foreign exchanges yesterday, but trading was generally quiet. New York dealers returned from the long weekend as buyers of their own currency.

The dollar rose to DM 3.0890 from DM 3.0510; FF 9.47 from FF 9.2550; SwF 2.9430 from SwF 2.9120; and Y247.56 from Y246.75.

On Bank of England figures the dollar's index rose to 142.4 from 141.8. Sterling trading range closed the holiday weekend as buyers of the pound returned to the market.

The dollar rose to DM 3.0890 from DM 3.0510; FF 9.47 from FF 9.2550; SwF 2.9430 from SwF 2.9120; and Y247.56 from Y246.75.

On Bank of England figures the dollar's index rose to 142.4 from 141.8. Sterling trading range closed the holiday weekend as buyers of the pound returned to the market.

On Bank of England figures the dollar's index rose to 142.4 from 141.8. Sterling trading range closed the holiday weekend as buyers of the pound returned to the market.

WEAKER TREND

Starting based contracts were marked down in the London International Financial Futures Exchange yesterday. This followed a larger than expected rise in UK banking figures for the September banking month.

The rise effectively put paid to hopes of an imminent reduction in UK clearing bank base rates and such a reduction would have coincided neatly with the Conservative Party conference.

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX

Table showing Sterling Exchange Rate Index (Bank of England) for Oct 9 Previous, with columns for 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

Table showing New York rates (last) for Oct 9, with columns for 8 Spot, 1 month, 3 months, 6 months, 9 months, 12 months.

Table showing Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT - FORWARD AGAINST POUND

Table showing POUND SPOT - FORWARD AGAINST POUND with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT - FORWARD AGAINST DOLLAR with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

OTHER CURRENCIES

Table showing OTHER CURRENCIES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

CURRENCY RATES

Table showing CURRENCY RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing DISCOUNT HOUSES DEPOSIT AND BILL RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

MONEY MARKETS

UK rates firm on poor money supply

UK interest rates were marked firmer yesterday in response to yesterday's money supply figures. These showed a larger than expected rise. Hopes of encouraging figures to coincide with the Bank of England's conference had led to expectations of an early cut in clearing bank base rates.

Three-month interbank money was unchanged at 10 1/4-10 1/2 per cent but rose to 10 1/2-10 3/4 per cent on the overnight interbank market.

MONEY RATES

Table showing MONEY RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

LONDON MONEY RATES

Table showing LONDON MONEY RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

MONEY RATES

Table showing MONEY RATES with columns for Oct 9, 10 days, 1 month, 3 months, 6 months, 9 months, 12 months.

EUROPEAN FERRIES PLC

With reference to the modified scheme of arrangement which became effective on 30 August 1984, the Board has elected to give preference to the holders of the 10% Debentures.

B.A.T. INTERNATIONAL FINANCE LIMITED

At the request of the Trustee, we hereby give notice that the initial amount of FF 3,000,000 has been purchased on 10 October 1984.

LEONARDO INTERNATIONAL INVESTMENTS N.V.

U.S. \$500,000 GUARANTEED FLOTTING RATE NOTES 1987 SERIES (I)

THE ROYAL BANK OF CANADA

U.S. \$100,000,000 GUARANTEED FLOTTING RATE DEBENTURES DUE 1997

RESTAURANTS

IF FOOD BE THE MUSIC OF LOVE... VILLA DEI CESARI is Romance. VILLA DEI CESARI is the Finest Cuisine.

London clearing banks' balances

as at September 19 1984

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

and the balance of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

Table showing London clearing banks' balances with columns for Total outstanding, Change on month, Liabilities, Assets, and various sub-categories.

TABLE 1. AGGREGATE BALANCES

Table showing AGGREGATE BALANCES with columns for Total outstanding, Change on month, Liabilities, Assets, and various sub-categories.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

Table showing INDIVIDUAL GROUPS OF BANKS' BALANCES with columns for Total, Change on month, Barclays, Lloyds, Midland, Westminster, Williams & Glyn's.

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

Table showing INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES with columns for Total, Change on month, Barclays, Lloyds, Midland, Westminster, Williams & Glyn's.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 9.

ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD
U.S. Dollar	100	100	100	100	100	100	100	100	100
Swiss Franc	100	100	100	100	100	100	100	100	100
Deutsche Mark	100	100	100	100	100	100	100	100	100
Japanese Yen	100	100	100	100	100	100	100	100	100
British Pound	100	100	100	100	100	100	100	100	100
Italian Lira	100	100	100	100	100	100	100	100	100
Spanish Peseta	100	100	100	100	100	100	100	100	100
Portuguese Escudo	100	100	100	100	100	100	100	100	100
Belgian Franc	100	100	100	100	100	100	100	100	100
Dutch Guilder	100	100	100	100	100	100	100	100	100
French Franc	100	100	100	100	100	100	100	100	100
Spanish Peseta	100	100	100	100	100	100	100	100	100
Portuguese Escudo	100	100	100	100	100	100	100	100	100
Belgian Franc	100	100	100	100	100	100	100	100	100
Dutch Guilder	100	100	100	100	100	100	100	100	100
French Franc	100	100	100	100	100	100	100	100	100

ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD
Swiss Franc	100	100	100	100	100	100	100	100	100
Deutsche Mark	100	100	100	100	100	100	100	100	100
Japanese Yen	100	100	100	100	100	100	100	100	100
British Pound	100	100	100	100	100	100	100	100	100
Italian Lira	100	100	100	100	100	100	100	100	100
Spanish Peseta	100	100	100	100	100	100	100	100	100
Portuguese Escudo	100	100	100	100	100	100	100	100	100
Belgian Franc	100	100	100	100	100	100	100	100	100
Dutch Guilder	100	100	100	100	100	100	100	100	100
French Franc	100	100	100	100	100	100	100	100	100
Spanish Peseta	100	100	100	100	100	100	100	100	100
Portuguese Escudo	100	100	100	100	100	100	100	100	100
Belgian Franc	100	100	100	100	100	100	100	100	100
Dutch Guilder	100	100	100	100	100	100	100	100	100
French Franc	100	100	100	100	100	100	100	100	100

An invitation to the world of
of
Ermenegildo Zegna



at **Beale & Inman**
131 New Bond Street, London W1.
8th-13th October 1984.

In the elegant surroundings of this spacious Bond Street Shop we invite you to a personal viewing of our new Autumn/Winter fully co-ordinated collection of formal and informal clothes and accessories. Sig. Giuliano Angeli will be in attendance to offer individual advice in the art of sophisticated dressing.

As an introduction to the world of Ermenegildo Zegna we are delighted to offer you the opportunity of experiencing our internationally renowned made-to-measure tailoring service under the supervision of the Master Tailor Sig. Ralph Anania during the latter half of the week.

But the world of Ermenegildo Zegna is much more...
Come and discover it yourself!

Ermenegildo Zegna at Beale & Inman
Tel: 01-629 4723



DAKS Simpson
01-734 2002 PICCADILLY



One look tells you it's DAKS
Perfect and timeless tailoring in pure new wool
DAKS pure new wool 2-piece suit, £145. Simpson Piccadilly is the home of DAKS, with the largest collection of DAKS clothes anywhere in the world.
So look no further, visit Simpson, and while you're there see 'SJS on 2' - offering exciting, young designer fashion for all the family. Take breakfast, lunch or tea in the restaurant.
And, if you like buying from home, we now have exciting new catalogues. Contact our Customer Service Department for details - at 203 Piccadilly, London W1A 2AS. Telephone (01) 734 2002 Ext. 81.
Open daily 9.00 am to 5.30 pm, Thursdays 9.00 am to 7.00 pm.

EUROBONDS

Merrill Lynch buys entire \$200m Exxon notes issue

BY MAGGIE URRY IN LONDON

MERRILL LYNCH surprised the Eurodollar bond market yesterday by buying the full \$200m 20-year zero coupon notes auctioned by Exxon Capital Corporation. The winning bid was at a price of 110.94 to give a yield to maturity of 11.04 per cent. The redemption value will be \$100.94 - the largest corporate zero coupon bond yet.

The yield is around 90 basis points below the yield on the 20-year U.S. Treasury bonds Exxon has already bought to pick up the yield difference.

Traders were relieved that the issue had not been sold at an even lower price, although some lower bids were thought to have been made. Merrill Lynch could have refused to take only a part of the issue, although Exxon had provided for minimum amounts of \$10m to be sold.

Until that news appeared at 5pm, the Eurodollar bond market had been quiet. Prices were about 1/4 point better as the New York bond market returned after the holiday weekend in cheerful mood.

One issue appeared a convertible for Nippon Seiko. Lead-managed by Nomura International, the \$70m issue has a 15-year life. The coupon is indicated at 3% per cent and the conversion premium is expected to be around 5 per cent. Like other recent Japanese convertibles, the issue was well received and was bid at the par issue price. Total fees are 2% per cent.

Other issues are rumored to be launched today, including a floating-rate note for Credit Foncier, convertible into a fixed-rate French franc bond during its first year.

In the Swiss franc market, SBC launched a floating-rate note for Atlas Copco, the Swedish hydraulic machinery group. It is the first FRN in the Swiss franc foreign bond market since April.

The issue raises SwFr 75.5m and has a six-year life. The yield will be 1/2 per cent over the six-month inter-bank offered rate for Swiss francs, currently 5% per cent, but with a minimum 3% per cent and maximum 7% per cent coupon. The proceeds are being used to repay a 7% per cent fixed-rate issue.

Prices were again weaker in the Swiss franc market, by 1/2 point on average. Investors have been swapping into bonds with higher coupons.

The D-Mark bond market has reacted to its recent run and prices fell by 1/4 point. Monday's issue for Kaulfuß continues to do well, with the bond-and-warrant package quoted around 106 1/2, up around 2 1/2 points on the day.

The World Bank has taken advantage of the recent strength of the Euroguilder market to make a \$100m issue. Lead manager Allgemeine Bank Nederland priced the five-year bonds with a 7% per cent coupon and a par issue price.

Renter adds from Rome: Yields rose yesterday on Italian Treasury certificates offered by the Bank of Italy in an open market operation, and the issue ended undersubscribed.

The maximum acceptance rate rose to 18 per cent from the previous 15.2 per cent, with an average 15.5 per cent rate against 15.04 per cent.

Applications for the L500m (\$262.7m) of paper on offer totalled only 142.5m. The certificates, maturing in January 1997, were priced at 101.5 upwards and are for repurchase at their October 26 value.

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales	High	Low	Last	Chng
Alcatel	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100	100	100	100
Almatis	100	100	100	100	100
Alstom	100	100	100	100	100
Alitalia	100	100			

FINANCIAL TIMES SURVEY

Sri Lanka

Renewed attempts are being made to solve Sri Lanka's ethnic problems and secure the stability needed for economic growth. High tea prices are underpinning the economy in the immediate future and major development schemes, including the giant Mahaweli hydro project, are coming into use.

Diverted from targets

SRI LANKA'S seven-year-old bid to establish itself as a thriving free market economy under the leadership of President Junius Jayewardene suffered its most serious setback a year ago when the island was engulfed in ethnic violence between the majority Sinhalese community and the minority Tamils.

The Government's wish to reverse Sri Lanka's post-independence history and turn the island into a South-east Asian style of open western-orientated economy has been thwarted, at least temporarily. The country has slipped back into the politics and communal clashes of south Asia, its geographical home, where India predominates.

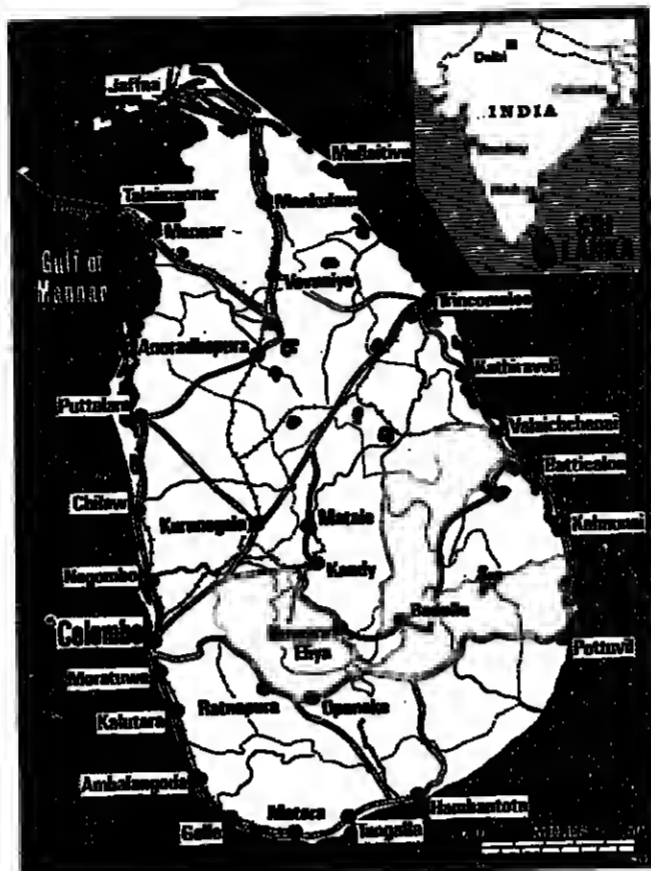
By John Elliott
South Asia Correspondent

Development will be a closed chapter if we don't curb terrorism — certainly it is practically a closed chapter in the north already — and this spreads to other parts of the country when there are riots," says Mr. Jayewardene. 78 last month and still physically fit in spite of the setbacks of the past year.

inflation rate is falling. But both the World Bank and the IMF are concerned about the high rate of public spending. Even though cuts have been made, the proportion of spending allocated to defence has risen sharply. An increase from 2.5bn Sri Lankan rupees (£80m) to 3bn rupees is expected in next month's annual budget.

The potential for rapid development remains, however. Sri Lanka is still a potentially attractive location for agricultural and industrial investment, and for tourism.

But it has been diverted from its targets. Virtually everyone seems preoccupied with the progress of peace talks, clashes involving Tamil extremists (who have been setting the pace in the crisis), troops and civilians. There is also a perceived threat of invasion from India.



Athulathmudali, a 47-year-old lawyer who has risen to the top of the Government this year as Minister of National Security and Defence, and spokesman on the peace talks.

At the end of the year. Otherwise there will be growing support for the demands for Eelam — an independent state — made by the extremists whose violence is already gaining mass support in the north.

started meeting nearly 10 months ago. But he is facing stiff opposition from both the left (Tamil activists who want more devolved powers) and from the right (Buddhist monks reflecting extreme Sinhalese opinion which wants to curb the Tamils).

Debate

There is a debate in the country about whether President Jayewardene would rather be remembered for holding back the Tamils and confirming Sri Lanka as a somewhat inward-looking Buddhist island, or for leading the people into a settlement of the Tamil issue.

He does not accept the distinction between these two options, and says the opening up of the economy is continuing. But significantly, he stresses that Sri Lanka is a "socialist republic" and makes a virtue of some protectionist policies, adding: "We haven't denationalised anything."

Whether these are astute political points of emphasis rather than a change of policy is not clear. The president has to accommodate strong and conflicting opinions in his cabinet as well as tensions within his army, which is playing a big role in internal law and order.

halese, is successfully pushing protectionist policies. U.S. companies have suffered at the hands of Mr Mathew's approach and there is some disillusionment in the U.S. about the direction of Sri Lanka's industrial policies. One large U.S. company in the island, Union Carbide, is being told to cut its electric battery production so that a local company can sell more of its own products. Other foreign investments have also been hit.

There is concern abroad about the heavy-handed and often obstructive bureaucracy which does not meet the needs of an expanding south-east Asian economy but smacks more of the problems of neighbouring south Asian countries, especially India.

Sri Lanka's foreign policy is dominated as never before by its relationship with India. It has had no option but to accept the attempts at mediation on behalf of the Tamils offered by Mrs Indira Gandhi, Indian Prime Minister. India is especially sensitive about the presence of international powers in Sri Lanka, which is a strategically important island in the Indian Ocean, with a deep water naval port at Trincomalee. Neither the U.S. nor the USSR seems to want to control Trincomalee but both are preoccupied with the fear that the other might move in.



CONTENTS

Profile: Pres Jayewardene	
Political patterns	
Ethnic conflict	Page 2
Sri Lanka journeys	
Indian Tamils	Page 3
Economy	
Profile: Romnic de Mel	
Foreign aid	Page 4
Industry	
Agriculture	
Estates	
Tourism	Page 5
Mahaweli project	
Profile: Dr Paul Eack	Page 6

southern Indian state of Tamil Nadu in her coming general election. If any settlement is to be made to stick with the Tamils, it is widely agreed that India will have to help by closing the extremists' headquarters in the Tamil Nadu capital of Madras. "That is vital," says Mr Jayewardene. "If India deals with the Madras operations, there is a chance of the violence stopping."

A taste of Paradise to Colombo.



Every Wednesday, Friday and Sunday... with the people of Paradise.

On all our luxurious 747 flights to Colombo you'll enjoy fine wines and a choice of menu — even in Economy — and arrive early the next morning. En route — service with a gentle warmth that can only belong to those who live in Paradise.



Call your Travel Agent or Air Lanka, Tel: London (01) 439-0291/2/3; Birmingham 2366311; Bristol 290046; Edinburgh 2257392; Glasgow 2461121; Leeds 434466; Liverpool 2965135; Manchester 8328611.

Asia's most generous investment incentives offered are in SRI LANKA

Sri Lanka means a wealth of investment opportunities —

Open economic policies, low setting up costs, generous tax concessions and a less expensive and highly trainable literate work force are but a few of the incentives we have to offer.

The F.I.A.C. is the licensing authority for foreign investment outside the investment promotion zones in Sri Lanka — Asia's newest growth centre.

We will advise you on suitable areas for investment, liaise with local collaborators and smooth the way for effective commercial operations. You will do well to consult us if you are in the market for successful investment opportunities.

We have handled a large number of joint venture projects for investors around the world, in a wide sphere of activity and play a very important role in the establishment of investment projects in Sri Lanka.

FIAC CONSULT US FIRST

Fill in the coupon for more details of Investment Opportunities in Sri Lanka.



FOREIGN INVESTMENT ADVISORY COMMITTEE
 Ministry of Finance & Planning,
 1st Floor, Room 120, Galle Face Secretariat, Colombo 1,
 Sri Lanka, Telex: 21409 FINMIN CE

Name of Company: _____
 Business: _____
 Address: _____
 Signature/Designation: _____

High-rise bank buildings and international hotels now under construction in the heart of Colombo. Grant K & E 5631

Sri Lanka 2

The word Ceylon is our promise.
 You can be sure every pack bearing it contains superb Ceylon tea.
 Tea lovingly grown, picked and selected on the Island of Sri Lanka.
 Light delicate and fragrant teas from the high regions.
 Golden round-flavoured, rich teas from the mid-regions.
 While the lower regions grow teas of deep colour and mellow flavour.
 So next time you want fine teas look out for Ceylon.
 You'll see we're as good as our word.



CEYLON TEA BUREAU, 115 Gunnersbury Lane, Acton, London W3 8JL

There's hardly anywhere in the world we don't look at every day

Simply because the Financial Times is one of the world's truly international newspapers.
 With more full-time foreign correspondents than any other English language newspaper published in Europe, we interpret the world's news day-by-day so that you can be better informed and better able to make the right decision.

Throughout the year the Financial Times sets aside pages of the newspaper to give in-depth coverage to a particular country or subject, published in the form of a special supplement.

For further information and advertisement rates, please contact:

Simon Timmis
 Overseas Advertisement Director
 Financial Times, Bracken House,
 10 Cannon Street, London EC4A 3DF
 Tel: 248 8000

FINANCIAL TIMES
 EUROPE'S BUSINESS NEWSPAPER

THE GALLE FACE HOTEL
 ESTD. 1864
 COLOMBO SRI LANKA CEYLON
 In the heart of the capital, by the sea.
 With verdant lawns and swimming pool overlooking the sea.
 And over a century of service with a smile.
 INTERNATIONAL BUT NATIONAL
 Tel: 21281 GPH CE & 21160 UNION CO., CE

United Tractor & Equipment Limited - Setting New Standards in Sri Lanka

- With participation in projects involving:-
- Water, Sewage and Effluent Treatment
 - Warehouses, Factories & Hotels
 - Design, Civil Construction, Electro-Mechanical Installation & Commissioning

- In Supply of the best equipment for:-
- Earthmoving - CATERPILLAR, DJB
 - Material Handling - JONES, HYSTER
 - Storage - DEXION
 - Welding - LINCOLN, METRODE
 - Agriculture - JOHN DEERE, UNIVERSAL
 - Power Generation - CATERPILLAR, WELAND

All products sold are supported by our highly skilled and customer oriented team of specialists



UNITED TRACTOR & EQUIPMENT LTD

P.O. Box 343, Colombo.
 Tel: 595461 - 2
 Cables: "UNITRAC" Telex: 21260 UNTRAC CE

President Junius Jayewardene talked to John Elliott about juggling the conflicting interests within his island community

Rebuilding a broken dream

PRESIDENT Junius Jayewardene seems to have partially recovered from the shock struck by last year's riots to his dream of building a new Sri Lankan economy. Aged 78 last month, he has adjusted his overall policies to try to assuage the worries of his island's majority Sinhalese community.

He is trying to introduce a form of regional devolution that will satisfy the Tamil minority community without upsetting the Sinhalese majority and right-wing Buddhist priests, and without giving Mrs S. Bandaranaike, his political opponent and former prime minister, a platform from which to bid for power.

His term as president lasts till 1989 and, in spite of his age, he looks fit enough to stay the course. "I feel very well. I have no heart problems—not my physical heart," he says with a slow, slightly sad smile that betrays considerable personal anxiety.

Coming from a devout Buddhist, the remark shows pride in physical fitness and a resigned acceptance of some of the anguish and attacks he has suffered.

Born into a mixed Christian-Buddhist family as the eldest of 11 children, he was named Junius Richard, and became known as JR before the U.S. television soap opera made the initials internationally famous. His father was an affluent, eminent lawyer and the young Mr Jayewardene had a comfortable childhood. This included a Scottish governess, wide cultural interests and considerable success at sports including cricket, rugby, tennis and boxing.

He became a lawyer in 1932, but was increasingly involved in politics, developing an admiration for the peaceful independence movement that was growing in India under Mahatma Gandhi. He was the first finance minister of independent Ceylon in 1948 and his international activities started with the Colombo plan of 1951.

He became Prime Minister in 1977, ousting Mrs Bandaranaike and launched the country on to an open-economy road. He was made first executive president in 1978.

Mr Jayewardene seems, however, to want to play down the significance of the change of economic direction he has launched. Asked whether his vision of a new Sri Lanka could still be achieved, he parried by saying: "I don't know if I had a vision. I don't think I had a vision for 12 years what can you do?"

He said the Government was still trying to achieve new economic goals, but reacted sharply when asked if he wanted to be remembered for creating a Singapore type of economy.

"I don't want to be remembered like that. I want to be remembered for Sri Lanka. An open economy does not mean Singapore. We call ourselves a socialist republic. Our land is nationalised, our harbours are nationalised, the housing system is nationalised. This is a socialist economy. What more is there for me to nationalise?"

"We haven't de-nationalised anything. But we are allowing competition with nationalised corporations. We have allowed a private bus service and that has saved the country."

He defended Mr Cyril Mathew, his Industry Minister, who is a staunch anti-Tamil Sinhalese and opponent of an open economy, and is trying to curb foreign industrial investors.

"Cyril Mathew is right. He has been saying: 'Protect our industries.' Quite right. I say the same thing because imports eat into our industrial establishments. So we agree with him but say there must be competition."

Too fast

Mr Jayewardene denies that his views on protectionism have changed. But to local observers his words sound very different from remarks such as "Let the robber barons come" which he is reported to have said about foreign investment in the late 1970s.

It may be, however, that there is more a change of emphasis than basic policy. Possibly the events of the past year, which started with Sinhalese mobs burning hundreds of Tamil businesses as well as homes, made him realise that he cannot move too fast.

Sinhalese businessmen, reputed to be less adventurous than the Tamils, want to be protected from international competition at home. And they cannot be ignored.

During the past year, Mr Jayewardene has also had to accept the dominant presence of Sri Lanka's large and powerful neighbour, India, and of Mrs Indira Gandhi, its Prime Minister. He says he is "very fond" of Mrs Gandhi and is "very friendly." Her attempt at



President Junius Jayewardene

mediation on the Tamil issue has been "very helpful," though he will not say he welcomed it. "I just accepted it."

But he reacts sharply to the possibility which he dismisses of an Indian invasion. He rehearses his beliefs in non-violence and his devotion to Mahatma Gandhi, who worked with Jawahar Lal Nehru, Mrs Gandhi's father and the first Indian Prime Minister.

"A lady who has all that great heritage will not do foolish things," he says.

"I am sure I'm not sure if she does she'll regret it."

To calls from some civil rights workers and politicians in southern India for Mrs Gandhi to invade and save the Tamils from alleged genocide, he replies: "She should invade her own country to stop genocide there—genocide in Hyderabad, in Punjab and in Assam."

"I say to those in India who talk of invasion, 'Physician heal thyself.'"

For about 2,000 years until a couple of centuries ago, Sri Lanka was regularly invaded by Tamils from South India. The current unrest has reawakened fears among some Sinhalese of history repeating itself. That fear may seem remote to outsiders, but it is real enough to many of the 15m people on this small island to provoke Mr Jayewardene.

"If our country is invaded—as I told the Commonwealth leaders' conference in New Delhi last November—we will never be conquered."

"We are unconquerable. You can kill 15m people with an atom bomb. You can take our territory. But you will not take our minds and our hearts. So if I am well and strong and Sri Lanka is invaded by anybody, I will lead the movement that will bring back freedom again, non-violently."

Ethnic conflict and opposition squabbles dominate scene

THE PATTERN of Sri Lanka's traditional politics has been radically altered by a quirk of the 1977 general election, a major constitutional change in 1979 and the referendum held in December 1982.

To this should be added, in the light of current events, the withdrawal from parliament of its only Tamil party late last year.

At the 1977 polls, the United National Party (UNP) won 142 seats out of the 168 for its 50.6 per cent share of the total vote. Mrs Bandaranaike's Sri Lanka Freedom Party (SLFP) was reduced to eight seats with a third of the vote.

This made the Tamil United Liberation Front (TULF), with its 16 MPs, the largest opposition group, and Mr Amirthalingam, its secretary-general, the opposition leader. He was the first Tamil to hold this office, which now seemed to symbolise the ethnic division outside parliament.

Though the ethnic conflict totally dominates the political scene, opposition politics has also been greatly influenced by other factors. A special Presidential commission held Mrs Bandaranaike, the UNP's most formidable opponent, guilty of "abuses of power" during her 1970-77 administration, and parliament expelled the former Premier in 1980 and deprived her of civic rights for seven years.

Abandoning the Westminster model, the 1979 "Gaullist"

constitution had centralised power in an executive President. Having won a second term in October, 1982, President Jayewardene held a referendum to extend the term of the 1977 parliament for six more years ending in 1989. More than 3m voted yes and 2.5m said no.

Field under emergency and marred by unprecedented violence, the mandate was described by opposition leader Mr Anura Bandaranaike as a "dubious exercise."

If the intention was to be able to merge into zonal or regional councils separately in the north and east, probably with some powers over local taxation, economic development, land allocation, education and police. There would also be a new second national parliamentary chamber, which would include representatives from the council plus other minority interests.

Both the TULF and senior Buddhist monks representing right-wing Sinhalese opinion are opposing the proposals, which means that yet another peace initiative is endangered.

Politics

MERVYN DE SKVA

Later this month, two by-elections will be held in the predominantly Sinhala rural constituencies of Minneriya in the North Central province and in Kundasale in the Central province. Both the SLFP and the SLMP are contesting these elections. At Minneriya, the SLMP candidate is Mr Vijay Kumaratunge, the party general secretary, a fact which has caused some embarrassment to the Bandaranaike family.

At any election, the UNP's ideal scenario is a three-cornered contest in which the two rivals are equally strong. The Prime Minister says that it will be "very interesting to see who comes second." If the SLMP beats the Freedom Party

in any of these rural areas and the village voter dominates parliament, it will be a major change in a country where for 30 years the UNP and SLFP have been the traditional rivals.

After the July 1983 anti-Tamil riots, the Government rushed through parliament a constitutional amendment compelling every MP to take an oath renouncing separatism. Refusing to do so, the TULF's 15 MPs quit parliament. This is the first time in post-independence history that the main Tamil party has withdrawn from the parliamentary process.

The UNP move to expel Mrs Bandaranaike may have been a departure from the rules of the parliamentary game but it did work wonders in promoting discussion and division in the SLFP.

Her party was rejected for its poor economic performance. The UNP called its term "an era of ration cards, controls, and queues." But on all matters which involve Sinhalese Buddhist majority interests, Mrs Bandaranaike has the total confidence of the Buddhist clergy and the Sinhala intelligentsia.

Mrs Bandaranaike boycotted the all-party conference convened by President Jayewardene, saying: "How can a person merit to sit in parliament participate in talks on the country's most vital issue?" Whether this was an act of vengeance or the petulance of a prima donna, her conspicuous absence has undermined "the pan-Sinhala consensus" necessary for a negotiated settlement with the Tamils.

Tamils and Sinhalese locked in centuries-old dispute

Ethnic conflict

JOHN ELLIOTT

"WE HAVE nowhere else to go why don't people realise that?" is a cry from both Sri Lanka's warring ethnic groups. I heard it from Tamils in the north and east, some of whom had their homes burned in Colombo by Sinhalese mobs 15 months ago. And I was told it by middle-class Sinhalese after a drink in Colombo.

The Sinhalese arrived on the island about 2,500 years ago, from north-east India it is believed. The Tamils, Dravidians from southern India, arrived about a hundred years or so later and historically are regarded as the aggressors. They invaded regularly through the following 2,000 years.

"The Tamils feel they are a minority in Sri Lanka, but the Sinhalese feel they are a minority in the south Asian context where they are only 12m people, against a total of 60m Tamils living in the south Indian state of Tamil Nadu and in Sri Lanka," says Mr Ronnie de Mel, Sri Lanka Finance Minister.

"The Sinhalese have felt they are a majority since 2,500 years—and threats by Madras politicians of invasion from India do not help the situation," says Mr Lalith Athulthumudali, National Security and Defence Minister, explaining why calls from the southern Indian city of Madras for Mrs Indira Gandhi to invade Sri Lanka in support of the Tamils drives the Sinhalese into a more intransigent corner.

Buddhism

The main Tamil areas, after centuries of battle, are in the north-east. These are dry and less fertile areas, especially in the north, where the Tamils had to work hard to survive. Unlike most Sinhalese, the Tamils also realised the value of getting on well with their British rulers. Learning English and sometimes converting from Hinduism to Christianity, they gained new schools in their areas and good jobs throughout the island.

After independence in 1948, the majority of Sinhalese wanted to develop a national religion—Buddhism—and a national language—Sinhala. This happened in the 1950s at the expense of the Tamils, who had risen too far for Sinhalese

comfort in the island's main institutions. Differential exam results needed for university entrance—dubbed standardisation—were introduced in 1972 to allow young people in less advantaged areas to gain admissions at the expense of children from Tamil areas who achieved higher marks.

So by the early 1970s, the centuries-old conflict had focused on the availability of education and jobs with the Tamils claiming that the examination system and the national Sinhala language discriminated against them. Some young Tamils forsook the non-violent campaigns of their fathers for more regional devolution and violent action, which for five years has been run by five main extremist groups based in Madras, and a host of splinter groups.

There have been violent clashes every few years, the worst in Colombo and elsewhere in July last year. Although most Tamils want to remain part of a united Sri Lanka, calls for Eelam—an independent Tamil state—have gained increased support because talks on devolution have seemed to make little headway and Sinhalese troops have taken revenge on Tamil civilians and villages after they have been attacked by Tamil extremists.

Eelam

Eelam, according to Tamil activists, would start in the north with the Jaffna Peninsula and include other northern province districts of Mullaitivu, Mannar and Vavuniya, where Tamils make up between 50 and 95 per cent of the population. Also in the eastern province districts of Trincomalee—including a strategic naval base at Batticaloa and Ampain where they have gained increased support between 30 and 70 per cent.

The activists claim that such a state of Eelam would be economically viable, leaving aside the claims that the Sinhalese and Muslims would make to the eastern districts. Scattered throughout the island, particularly in the centre and north, are Indian Tamils, imported by the British to work on the plantations. Some have Indian citizenship and some Sri Lankan, while others are stateless. They have been drawn into the centuries-old conflict.

The Government originally offered the Tamils, represented by the Tamil United Liberation Front, new councils in each of the districts. But the Tamils want regional devolution, with

the districts of the north and east being free to join together. This idea is rejected by the Government because it would create too powerful a Tamil stronghold. It is also opposed by sizeable Muslim groups in the east, who want more devolution to their province but not domination by the north.

The latest proposals suggested by the Government last month are scheduled to be turned into draft laws by November 15. They provide for districts to be able to merge into zonal or regional councils separately in the north and east, probably with some powers over local taxation, economic development, land allocation, education and police.

Both the TULF and senior Buddhist monks representing right-wing Sinhalese opinion are opposing the proposals, which means that yet another peace initiative is endangered.



Areas where Tamils have some claims for regional devolution or independence.

will be a major change in a country where for 30 years the UNP and SLFP have been the traditional rivals.

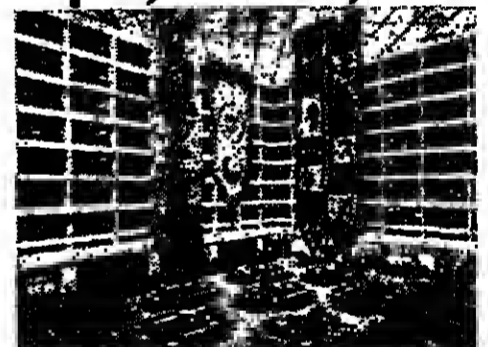
After the July 1983 anti-Tamil riots, the Government rushed through parliament a constitutional amendment compelling every MP to take an oath renouncing separatism. Refusing to do so, the TULF's 15 MPs quit parliament. This is the first time in post-independence history that the main Tamil party has withdrawn from the parliamentary process.

The UNP move to expel Mrs Bandaranaike may have been a departure from the rules of the parliamentary game but it did work wonders in promoting discussion and division in the SLFP.

Her party was rejected for its poor economic performance. The UNP called its term "an era of ration cards, controls, and queues." But on all matters which involve Sinhalese Buddhist majority interests, Mrs Bandaranaike has the total confidence of the Buddhist clergy and the Sinhala intelligentsia.

Mrs Bandaranaike boycotted the all-party conference convened by President Jayewardene, saying: "How can a person merit to sit in parliament participate in talks on the country's most vital issue?" Whether this was an act of vengeance or the petulance of a prima donna, her conspicuous absence has undermined "the pan-Sinhala consensus" necessary for a negotiated settlement with the Tamils.

One of the world's best hotels is in Colombo



Why settle for less?

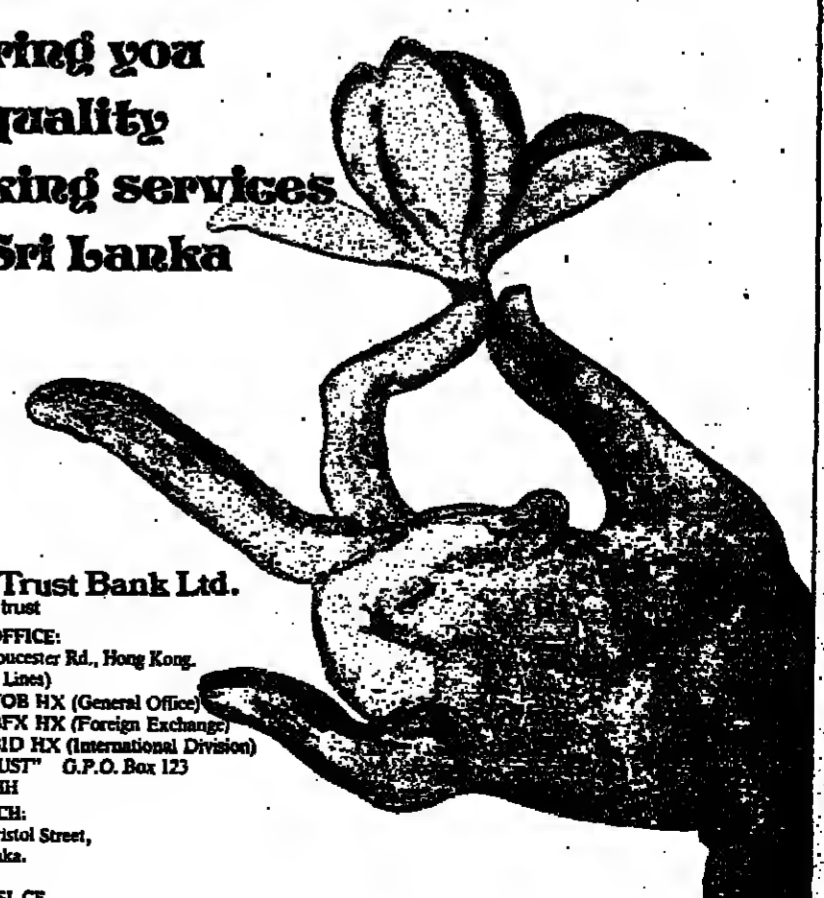
A spectacular lobby with 42-foot bark hanging to take your breath away. Between the Beira Lake and the sea, Sri Lanka's best known hotel, the deluxe Lanka Oberoi with 600 rooms, a business man's centre, a choice of bars, restaurants and garden, swimming pool and health club. And superb conference facilities. It's a great hotel any way you look at it. Come find out why Rane Leder included the Lanka Oberoi in Happers & Queen's world famous guide, "The 300 Best Hotels in the World"

Hotel Lanka Oberoi
 77 Stewart Place, Colombo, Sri Lanka. Phone: 20001
 Telex: 21201, 21289 OBHOTEL CE

Offering you Top quality Banking services in Sri Lanka

Overseas Trust Bank Ltd.

a bank you may trust
 CONTROLLING OFFICE:
 OTB Bldg., 160 Gloucester Rd., Hong Kong.
 Tel: 5-756571 (30 Lines)
 Telex: 74545 OCTOB HK (General Office)
 75151 OTBFX HK (Foreign Exchange)
 84516 OTBID HK (International Division)
 Cable: "UMAYTRUST" G.P.O. Box 123
 Swift: OTBL HK HH
 COLOMBO BRANCH:
 YMCA Bldg., 39 Bristol Street,
 Colombo 1, Sri Lanka.
 Tel: 547655-59
 Telex: 21489 OTSBL CE



Handwritten text in Sinhala script.

Sri Lanka 3

John Elliott and Richard Cowper explore the island's heartland

Across the Elephant Pass

"BATTICOLOA women want to buy their vegetables from the market, along with ready-prepared rice and other curry items. A Jaffna woman grows her own vegetables and makes her own rice and flour and curry preparations."

My guide — an elderly Government employee in Batticoloa on Sri Lanka's east coast — was not describing the traits of two bitterly opposed ethnic or religious groups. He was explaining regional differences within Sri Lanka's minority Tamil community who make up just 12.6 per cent of the population and are concentrated in the island's poorer areas. Their stronghold is in and around the northern Jaffna Peninsula and, mixed with other communities, areas near the eastern coastal cities of Batticoloa and Trincomalee. In Jaffna, they do not often discuss Batticoloa. But in Batticoloa a foreign traveller is welcomed with stories about how the locals are less well educated and less ambitious than those in Jaffna. They let their cattle roam the streets instead of looking after them carefully. They do not maintain their irrigation systems well, and generally let life take its course.

Historical They are highly conscious of the superiority of the Jaffna Tamils who often hold senior administrative positions in their area.

"Perhaps we came from different parts of Southern India originally," mused my guide, underlining the historical consciousness of Sri Lanka's 15m people, all of whose ancestors arrived from the Indian subcontinent over the last 2,500 years.

The first to arrive now form the majority Sinhalese race. The Tamils, as they are constantly reminded by the Sinhalese, began to arrive from Southern India a few hundred years later. The towns of the Tamil areas are dotted with pretty white-painted Catholic churches, sometimes with a bright blue neon cross outside, or plainer Methodist halls, and ornately carved, brightly painted Hindu temples (or kovils) of the distinctive South Indian Dravidian style.

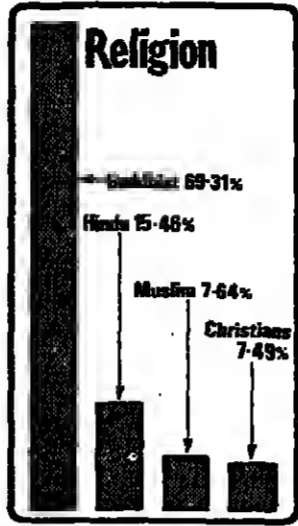
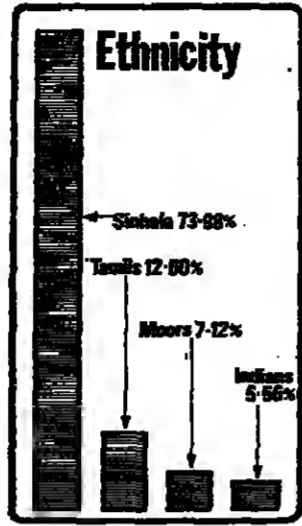
A journey from the relatively prosperous Sri Lankan capital of Colombo to these Tamil areas takes you from the place where virtually all official political and commercial power and economic development is concentrated, to areas that seem to have been largely ignored. The road and railway to the Jaffna peninsula lies across a narrow spit of land called Elephant's Pass, now sandbagged and closely guarded by heavily armed troops because of the crisis. Ahead lies a dry uninviting land, suddenly greener and cultivated in areas where the irrigation system works well and where the Tamils have achieved high harvest yields. Agriculture and fishing — and smuggling to and from the Indian mainland off golden beaches — provide the basis of the local economy.

But a lot of local wealth is also generated in the south. Jaffna has a postal economy — it relies on remittances from the south," says Mr. Lakshmi Athulathumudi, a Sinhalese lawyer who used to defend the Tamil smugglers in court and is now the island's National Security Minister and spokesman on the ethnic troubles.

Jaffna city is surrounded by well-ordered tarmac roads, lined with small bungalows and enclosures of chateaubed palm huts. The streets are a mobile museum to the former glory of the British motor industry, full of shiny black Austin of England models of the 1950s and 1960s.

As one drives across the island, the roads become rougher, the villages less well-kept and prosperous. Local government officials in the east say that the roads will soon be mended — there has been a shortage of rubble because the extremists stole the explosives needed to break up rocks. But there has been a longer-term lack of development and maintenance.

The eastern coastline is particularly beautiful, with miles of deserted, gently sloping



sands fringed with palm trees. But it is a five- to eight-hour car or train journey there from Colombo airport, and few well-off tourists bother to go there. In Batticoloa there are a couple of well-equipped but somewhat demoralised beach hotels, and countless other downmarket guest houses and hotels. Trincomalee is a famous deep water port, strategically sensitive because of its location in the Indian Ocean. A beautiful blue bay full of tree-covered islands, it is ripe for far more development.

A new joint cement-making venture with Mitsui of Japan has just opened. There is a large flour mill and some giant oil tanks are being developed in partnership with a Singapore-based company.

One or two other developments are also being pushed by Tamil businessmen who believe the local economy could become self-sufficient. In Batticoloa a 1,000-acre prawn cultivation project has been started with a U.S. partner.

In the north, export production co-operatives are being started in villages to handle a local palm-leaf palm tree crop. Behind the violence and depression of the ethnic problems, there is optimism about the economic potential of the areas.

J.E.

Alienation of Indian Tamils

GROWING FEELINGS of "second-class citizenship" explain the steady alienation of the indigenous Tamils. But for the Indian Tamils who came from India in the last century, it is the curse of non-citizenship or "statelessness".

After independence (1948), the vast majority of the Indian Tamils who live and work in the green ghettos of the Central Hills lost their citizenship and voting rights.

With the British withdrawal from both India and Ceylon, the Indian Government refused to recognise these plantation workers as its citizens.

India agreed to grant citizenship to 600,000 over a period of 15 years while Sri Lanka agreed to make 375,000 its citizens.

Last month President Jayewardene announced that the remaining 35,000 would be made citizens.

MERVYN DE SILVA

In the shade of the sacred bo tree

TO BEGIN at the beginning is to go to Anuradhapura in the dry northern plain of Sri Lanka. For well over 1,000 years from the third century before Christ, Sinhalese kings — with the occasional south Indian interloper — ruled from this greatest of all Sinhalese cities.

It was Anuradhapura that gave birth to the twin planks of Sinhalese civilisation: the *Dambaya* (Buddhist pagoda) and the tank (artificial reservoir). Though today the city is a mere shadow of its former self, it nevertheless holds pride of place in the hearts of many of the nation's 11m Sinhalese.

This is particularly true of the 7m or so Sinhalese who live in villages where the bhikkus (Buddhist monk) and the paddy field remain the centre of daily life.

No other city raises such passion among Sinhalese in a country which prides itself on 2,000-year-old rice-based hydraulic civilisation (the \$2bn Mabaweli irrigation scheme is its spouse) and on being the world's spiritual centre of Theravada Buddhism (the branch followed by Sri Lanka, Burma and Thailand).

At the heart of the ancient city, beneath the sacred bo tree allegedly grown from one in northern India under which Buddha achieved enlightenment 2,500 years ago, a wandering Buddhist ascetic explains how one day Anuradhapura will again become the official capital of a nationalist Sinhalese Buddhist Sri Lanka.

Later that evening, on the verandah of the luxurious British-built Tissawewa rest house, Mr Mahadi Deviawwa, a normally sober-minded Sinhalese lawyer, talks passionately of the need for a latter-day Duttagamani. He was Anuradhapura's greatest warrior king, who regained the city from the Tamils in the second century BC after a 15-year campaign and then devoted his life to Buddhism.

Symbol

"Anuradhapura today is a frontier town," he says. "A few miles to the north a group of people are fighting for a separate state. From the west we are being threatened by the spiritual bankruptcy of a materialistic western approach to development, and from within we are assailed by a corrupt priesthood — the Mercedes Benz bhikkus — infatuated by wealth and political power."

"As a potent symbol of true Buddhism, Sinhalese nationalism and culture Anuradhapura gives us hope that it will not always be so."

Such strongly-felt chauvinist views are by no means uncommon, particularly in those areas in the central upland parts of the country which held out longest against the Portuguese, Dutch and British colonial powers.

One hundred or so miles to

the south in the charming city of Kandy — the last of the great Sinhalese capitals which fell to British intrigue in 1815 — there is a greater sense of self-confidence.

In a modest house high in the tropical hills above Kandy's lake sits His Holiness the Most Venerable Palipama Dharmakirti Sri Gunaratna Chandananda Mahanayake Thero, chief high priest of one of the two largest Buddhist sects in Sri Lanka. A man often consulted by political leaders, he talks of continuity and peaceful adaptation rather than threats and radical change.

"In the traditional village the fabric of life is still inextricably bound up with religion, as it has been for 2,500 years," he says. "I have no fear that modern development, science or western materialism will destroy our Buddhist Sinhalese way of life."

Buddhist relic

He plays down his undoubted political power and influence, but makes it clear that he is prepared to engage in open battle with secularist governments when he considers that the privileges of the Buddhist Sangha (monkhood) are in any way threatened.

When President Jayewardene recently attempted to secure the right to appoint the lay custodian of the temple of the Buddha's Tooth — after the sacred bo tree Sri Lanka's holiest Buddhist relic — his holiness made it clear that this was not acceptable.

"Jayewardene is not a king, he is just an elected president," he remarked curtly. Fifty miles from the Sinhalese cultural and religious heartland of Kandy on the road to Colombo — the lowland capital created by secularist colonial powers — is Nittambuwa. On a wet monsoon morning, thousands of peasants and Buddhist monks in saffron robes carrying black umbrellas troop past the tomb of a murdered prime minister.

It is 25 years to the day since a Buddhist priest shot dead Mr S. W. R. D. Bandaranaike — in a conspiracy that has yet to be explained.

Three years before, Mr Bandaranaike had ridden to power on a massive wave of Sinhalese Buddhist emotions, which according to Mr K. M. De Silva, one of Sri Lanka's most eminent historians, "carried an emotional appeal to which the notion of a multi-racial policy was a meaningless abstraction."

Inside the grand colonial edifice, now home of the deceased president's wife and just a stone's throw from the tomb, hundreds pay court to the aristocratic Mrs Bandaranaike and her son. In the great mirrored reception room desperate politicians come and go talking of past glories and how parliamentary democracy has run its course.

R.C.

Grindlays - your banking connection...

Strength on the ground and experience are essential for a successful international banking connection. In Sri Lanka Grindlays has over 100 years experience and is a leader in providing commercial banking, correspondent banking, corporate finance and investment services, and finance for foreign trade.

Just contact Grindlays in London, New York, Tokyo, Hong Kong, Singapore, Bombay, Bahrain and in 31 countries around the world for your banking connection with Sri Lanka.

...with Sri Lanka



London: Grindlays Bank p.l.c., Minerva House, Montague Close SE1 9DH. Tel: 01-626 0545. Telex: 885043/6 GRNDLY G.

Sri Lanka: Grindlays Bank p.l.c., P.O. Box 112, 37, York Street, Colombo 1. Tel: 32286-90. Telex: 21130/21845 GRNDLAY CE. Telex: Dealers 21521 GRNDLAY CE.

Branches and offices in: Australia, Austria, Bahamas, Bahrain, Bangladesh, Brazil, Canada, Colombia, England, France, Germany, Ghana, Greece, Hong Kong, India, Indonesia, Iran, Japan, Jersey, Jordan, Kenya, Republic of Korea, Malaysia, Mexico, Monaco, Nigeria, Oman, Pakistan, Qatar, Scotland, Singapore, Spain, Sri Lanka, Switzerland, Taiwan, Uganda, United Arab Emirates, United States of America, Zaire, Zambia, Zimbabwe.

IT TAKES

AN EVER-CHANGING

COMPANY

TO GUIDE YOU

IN AN

EVER-CHANGING

MARKETPLACE.

Mercantile Credit Limited (MCL for short.) Long established as the leading finance company in Sri Lanka. Nucleus of a corporate group whose policy has always been attuned to the changes in the marketplace. Now 28 years after its inception, diversified into fields as varied as Engineering and Tourism, Shipping and Agriculture.

pick our brains at MCL — it could prove most enlightening — and profitable.



"Mercantile House", 55, Janadhipathi Mawatha, Queen Street, Colombo 1, Sri Lanka. Telephone: 26611-9 (International 547982). Telegrams: "Mercredit" Colombo Telex: 21138.VAVALEX CE.

One telex can put you in touch with any one of the associate and subsidiary companies of the Mercantile Credit Group.

A name to remember when experience matters,



ARISTONS LTD. established in 1922

We export brushes of all shapes, coconut fibre, (Joint Venture with Aisen of Japan), Coaminging Carpets (Joint Venture with Cabourg Matting Ltd, Canada) "Aristos" brassieres, gents' and ladies' handkerchiefs, ladies' hosiery, batik sony alphorns, reedwara shopping bags, "Aristons" B.O.P. tea and scented tea, spices and all types of handicraft, handloom services, granite, anthuriums and orchids. Also exports of all types of foliage.

We are looking for agents and invite trade inquiries and joint ventures in the coconut fibre industries.

We are in the travel business too.

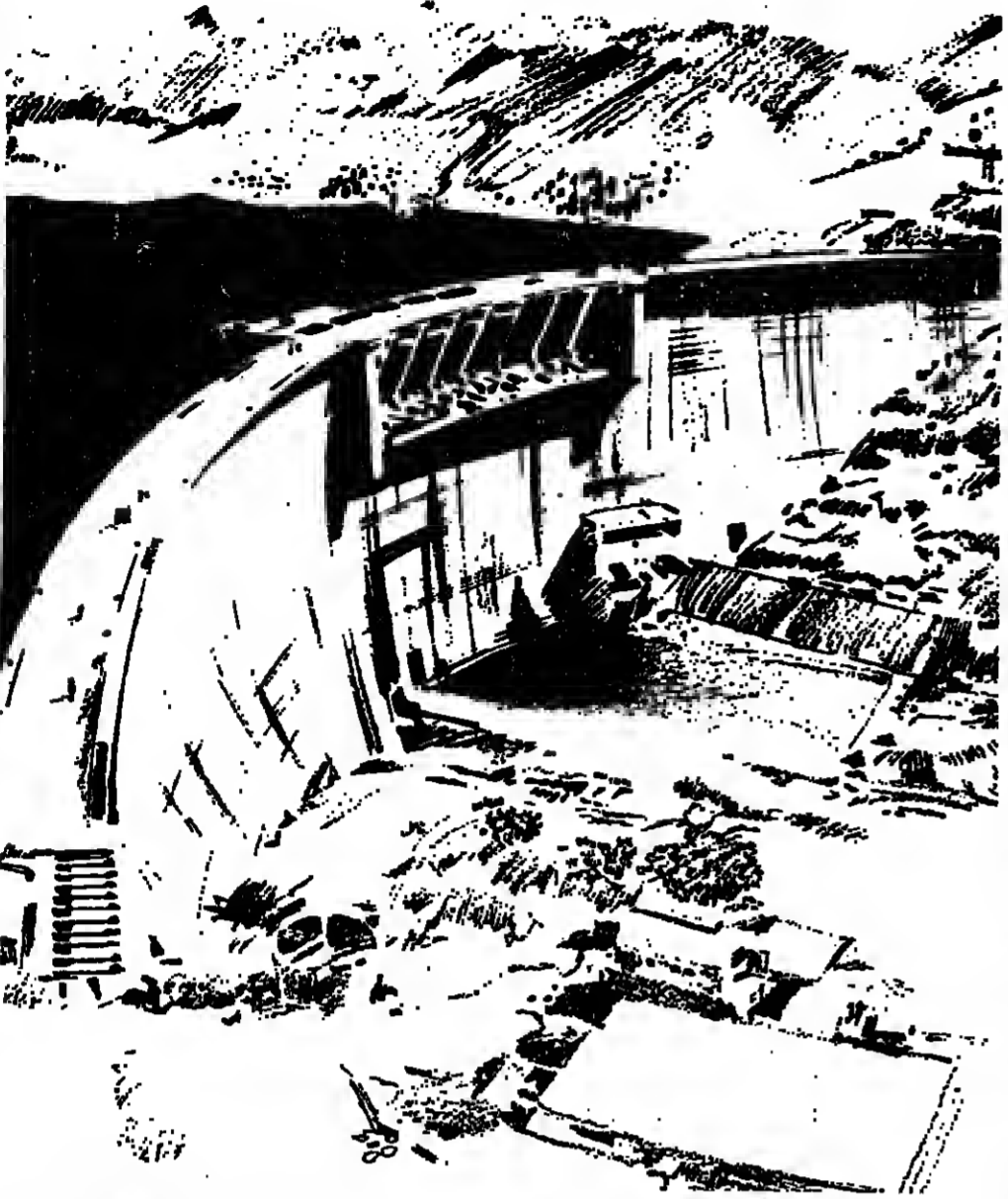
For the happiest holidays in Sri Lanka, remember ARISTONS TOURS

where expertise and personalized attention are easy to get.

ARISTONS LTD. No. 5, Gower Street, Colombo 5, Sri Lanka. Phone: 588436 or 82102, 81036 Cable: Turmtide Telex: 21302 "Ruvani" CE

IV
Sri Lanka

Victoria Dam and Tunnel completed on schedule



After four years of round-the-clock construction work, the 122m high double curvature mass-concrete arch dam, its associated underground works and 6km of rock tunnel are completed — on schedule.

The impounding of the reservoir commenced in early April, and the waters have now reached maximum level, increased hydro-electric power and irrigation will now benefit the central regions of Sri Lanka.

The project was undertaken for the Mahaweli Authority and was supported by a grant of £113M from the British Overseas Aid Programme.

The Engineers were Sir Alexander Gibb and Partners.

Balfour Beatty

Balfour Beatty Construction Limited
7 Mayday Road, Thornton Heath, Surrey CR4 7XA, England.
Tel: 01-684 6922. Telex: 264042



Sri Lanka 4

Budgetary management has been a major cause of instability, World Bank says

Staying afloat on a tide of tea

HIGH DOMESTIC production and record international prices for its main export crop, tea, have come to the rescue of Sri Lanka's hard pressed economy as it battles to recover fully from last year's spate of communal violence.

An anticipated doubling of tea export earnings in 1984 will more than offset an expected 20 per cent decline in tourist revenues providing the country with its first substantial balance of payments surplus since 1977.

It will also handsomely reverse what had become a deeply worrying negative international reserve position. The timely arrival of the cavalry thus enables Sri Lanka, for the moment at least, to avoid having to negotiate a new international monetary fund standby loan.

Tea's brave showing will help also to push Sri Lanka's economic growth up to more than 5 per cent in 1984 after a year when drought and riots brought real gross domestic product down to a six-year low. However this stroke of good fortune, largely arising from New Delhi's decision to ban Indian tea exports (average export prices for Sri Lanka tea were up 68 per cent in the first half of 1984), may be only a temporary palliative.

India, the world's largest tea exporter, is bound to lift the ban sooner or later at which point lower tea prices may again see Sri Lanka struggling with its balance of payments.

Whatever the outcome for tea, however, Sri Lanka still faces a number of pressing short economic problems. These include an unacceptably high budget deficit, an overvalued currency and an inflation rate still roaring away by at least 17 per cent on a year on year basis.

Dilemma

Added to this are continuing private and foreign investor jitters arising from the Government's failure so far to come up with a final political solution to the ethnic problem. In the mid-term there is a vital need to reduce protectionism and encourage a more diversified and faster-growing export sector to offset a trade imbalance which has resulted in a level of imports double that of the country's exports.

As some see it, the heart of Sri Lanka's economic dilemma has been the manner in which this tiny country, with a population of just 15m and a per capita income of little over \$300 a year, has attempted to catapult its economy into growth after years of decline under the restrictive and protectionist socialism of Mrs Sirimavo

Bandaranaike, the country's former Prime Minister. With Western donors and banks eager to welcome Sri Lanka in from the cold, government economic planners until recently acted in the belief that soaring capital expenditures (many of doubtful economic value) and the resultant large budget deficits could simply be financed by aid, concessional borrowing and commercial loans without prejudice to the development of a balanced economy.

This strategy has yielded big dividends. Economic growth has averaged more than 6 per cent over the last six years, unemployment has fallen dramati-

cally and this year, for the first time in more than two centuries, the country is on the verge of self-sufficiency in rice. In addition, the massive \$2bn Mahaweli hydropower scheme will provide the country with a cheap source of power well into the next decade.

But it has also entailed considerable risks. Sri Lanka quickly became one of the most aid-dependent countries in the world (this year aid will account for about 60 per cent of Government expenditures) and this has led to an increasingly high level of foreign borrowing (disbursed outstanding debt is set to hit the \$3bn mark by the end of 1984).

In the words of the World Bank in its latest report on the Sri Lankan economy: "The Government's budgetary management has been the major source of instability in the economy during the past few years."

The penalties have been an unacceptably high inflation rate, what Ronnie de Mel, the Finance Minister, calls a "dangerously" high debt service ratio of around 20 per cent and until this year a severe balance of payments problem.

The Finance Ministry has recently made considerable efforts to cut budgetary spending and there are signs that it will use this year's large windfall increase in revenues from the ad valorem tax on tea to make a net repayment to the banking system, thus further

reducing inflationary pressures in the economy.

Many economists argue that what is needed is not just a tightening of fiscal management, vital though this is. But also a redirection of Government resources into more productive areas of the economy.

In this respect, one major advance that the Government made in 1984 was to devise a viable investment plan for turning round Sri Lanka's much neglected tree estate crop sector (tea, rubber and coconut).

Traditionally the strongest element in Sri Lanka's economy, this sector has suffered from 15 years of poor management and a lack of replanting which has resulted in a general deterioration of quality and output.

However, economists question whether the Government can continue to afford the luxury of supporting a major house-building programme, a costly effort to turn Air Lanka into a high-profile international carrier and a cash hungry, wordily and inefficient state manufacturing sector.

Currently, about 25 per cent of Government capital spending consists of transfers to the state corporations which, compared to the private sector, requires twice the capital per employee to achieve half the labour productivity.

A number of state companies are making heavy losses, but

owing largely to a powerful protectionist industry ministry, the Government has as yet felt unable to turn off the tap.

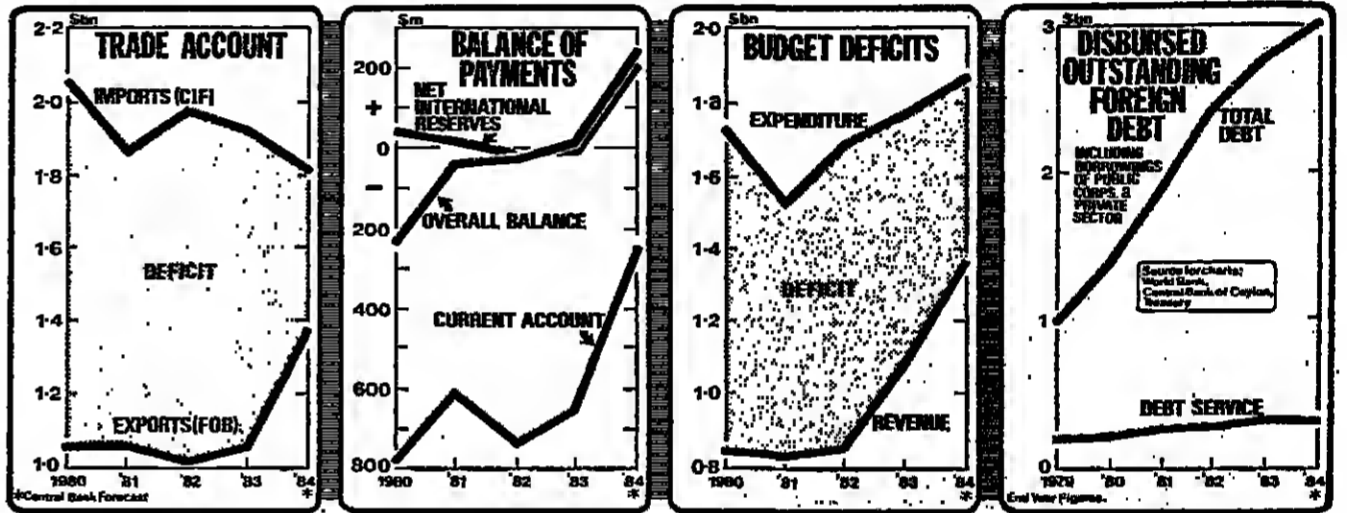
As envisaged by the Government, the private sector—particularly foreign investors—has been by far the most dynamic element in the economy since 1977. But the Government's ambiguous policies on tariffs and state sector protection have led to considerable uncertainties.

Only last month, for example, Cyril Mathew, the Minister of Industry, calmly asked Ursula Carabide to cut its battery output by 25 per cent to protect a partially state-owned competitor. Such attitudes have meant that private and foreign companies largely confined their investments to quick return ventures such as hotels (frozen because of the ethnic troubles), garments, real estate, and trading.

Now that most of these sectors are essentially saturated a greater degree of diversification involving what must inevitably entail higher risk, longer-term pay-back investments is essential.

But with strong protectionist forces hovering on one side and continued political instability on the other the likelihood of Sri Lanka's economy receiving a sizeable new injection of private investment, domestic or foreign, in the near future seems remote.

Without it the chances of sustained high growth are few and far between.



PROFILE: RONNIE DE MEL

Survivor with charm and skill

SRI LANKA'S buoyant international image, which has survived the troubles of the past year with only limited damage, owes a lot to the lobbying in the world's political and financial centres of one man.

He is Mr Ronnie de Mel, the 59-year-old Finance Minister, who mixes easily in Europe and the U.S., using skills learned as a civil servant and family businessman to charm his audiences and divert them from some of the island's problems.

He is proud of his success in what he describes as the "high risk profession" of finance ministers. He reminds his colleagues at World Bank and Commonwealth meetings that, having held his job for seven years, he is the exception to the rule that finance ministers' lives are "nasty, brutish and short."

The last World Bank report on Sri Lanka criticised the Government's budgetary management which had been "the major source of financial instability in the economy."

Mr de Mel admits that public spending needs to be curbed more, especially on long-gestation, low-yielding and high prestige projects. But he believes that he has not done badly, given considerable internal political pressure for high spending. He says he has presided over a considerable economic achievement since he came to office in 1977 under president Jayewardene, reversing the downward slide of the previous Bandaranaike's Government's controlled economy.

He recognises that the Tamil troubles could stop the progress: "If we continue with this sort of thing, the economy can't come back."

He acknowledges that the Tamils need a better deal but stresses the centuries old fear of the majority Buddhist Sinhalese race that a combination of Tamils from southern India and Sri Lanka might one day together drive the Sinhalese "into the Sea."

Mr de Mel is an astute politician and such remarks acknowledge the importance of the island's Sinhalese national identity. He entered politics, he says, to help the "national revolution" that Sri Lanka (then Ceylon) needed to prove its national culture, language and religion.

OVERSEAS AID TRENDS

Sri Lanka is one of the highest recipients of aid in the world on a per capita basis. Last year, aid donors disbursed almost \$150 for every Sri Lankan family, while the aid content of per capita GNP of just over \$300 was 16 per cent.

The \$2bn Mahaweli dam is largely aid financed, and in 1983 some 60 per cent of government capital expenditure was accounted for by aid. About 35 per cent of aid since 1977 has been in grants, while 65 per cent of the rest has been on interest rates below 3 per cent.

FOREIGN AID SOURCES (\$m)	1983		1982	
	1983	1982	1983	1982
World Bank	75	60	66	62
U.S.	66	62	54	53
Japan	37	37	47	29
W. Germany	47	29	32	29
Canada	26	21	26	21
Sweden	26	21	117	116
Others	117	116		
Total	454	414		

Source: World Bank and Central Bank of Ceylon



On the crest of a tea-price wave: a view of Ronnie de Mel from Sri Lanka's The Island newspaper

ment movement called Sarvodaya. In the civil service he rose to senior posts, including Director General of Broadcasting.

Opponents

At the age of 36, he switched into politics. By then he had also become a businessman, proudly running his own and his wife's family businesses which included Sri Lanka's largest tea plantation on estates totalling 5,000 acres, 450 buses, textiles, and insurance. Most are now nationalised.

"I think up to a point I am a successful Finance Minister, not because of my academic background, but because of that business training," he says.

In the Government he has two main opponents. On economic policy the antagonist is Mr Cyril Mathew, the hard protectionist and anti-Tamil Industry Minister who resolutely opposes all Mr de Mel's efforts to liberalise and internationalise the economy, preferring an introspective Buddhist island society to a materialistic international economy.

His other more personal antagonist is Mr Lalith Athulathudali, the rising star of the Jayewardene regime, who at the age of 47 combines the jobs of National Security Minister, Defence Minister and the President's spokesman on ethnic troubles and the Round Table Conference.

Mr de Mel first joined the Bandaranaike Sri Lanka Freedom Party but moved in 1974 to the United National Party that came to power in 1977. Both parties proclaim forms of socialism but says Mr de Mel, the "Bandaranaike Party always gets led away to dogma and ideology and is dominated by one or two Marxists out of touch with reality." The present ruling party is "much more practical and pragmatic" still believing in "democratic socialism."

Mr de Mel and Mr Paul Channan, UK Minister of Trade and Industry, will be among speakers at a conference at the Commons on October 12 organised by the British and South Asian Trade Association and the Sri Lanka High Commission.

JOHN ELLIOTT

An Unbroken Tradition An Unbreakable Guarantee

The Mace — majestic symbol of Sri Lanka's (treasured) democratic tradition, protected and preserved over long years. A tradition that gave birth to the country's strongest bastions of democracy — Parliament and the Constitution.

The supremacy of the Constitution of 1978, which enshrines — in Article 157 — inviolable safeguards assuring complete protection to the foreign investor, is the guarantee of absolute investment safety.

This, above all, has created an ideal climate for foreign investment in Sri Lanka.

But among the catalogue of added advantages are: a nearly inexhaustible pool of intelligent and adaptable labour, both skilled and unskilled; the country's focal position on air and sea routes;

its mild climate; and aggressively efficient banking institutions.

None more so than the Bank of Ceylon, the country's oldest and premier national bank. With its unparalleled local experience and expertise and a full range of services including off-shore banking facilities, the Bank of Ceylon is uniquely geared to meet the foreign investor's every need.

The Bank of Ceylon has earned the respect of a prestigious international clientele with its impeccable performance to date. It is at your service now.



Bank of Ceylon

Central Office
Yark Street, Colombo 1, Sri Lanka.
Telephone: 28521 Telex: 21331 LANKABK CE 21126 FORBANK CE

LONDON BRANCH
Aldermenbury House, Aldermenbury Square, London EC2V 7HR, England.
Telephone: 606 — 6811 and 606 — 5597 Telex: 883587

MALE BRANCH
Alia Building, Orchid Megu 2, Male, Republic of Maldives.
Telephone: 3045 & 3046 Telex: 66080 BEMALE MF

WE CAN SUPPLY YOUR RETAIL AND WHOLESALE REQUIREMENTS OF QUALITY GEMS AND JEWELLERY AT HIGHLY COMPETITIVE PRICES

STATE GEN CORPORATION, 24, YORK STREET, COLOMBO, SRI LANKA. TELEPHONE: 23377, 23075, 28701. TELEX: 21115 GENCORP CE. CABLES: GENCORP — SRI LANKA.

THE VICTORIA DAM AND POWER TUNNEL

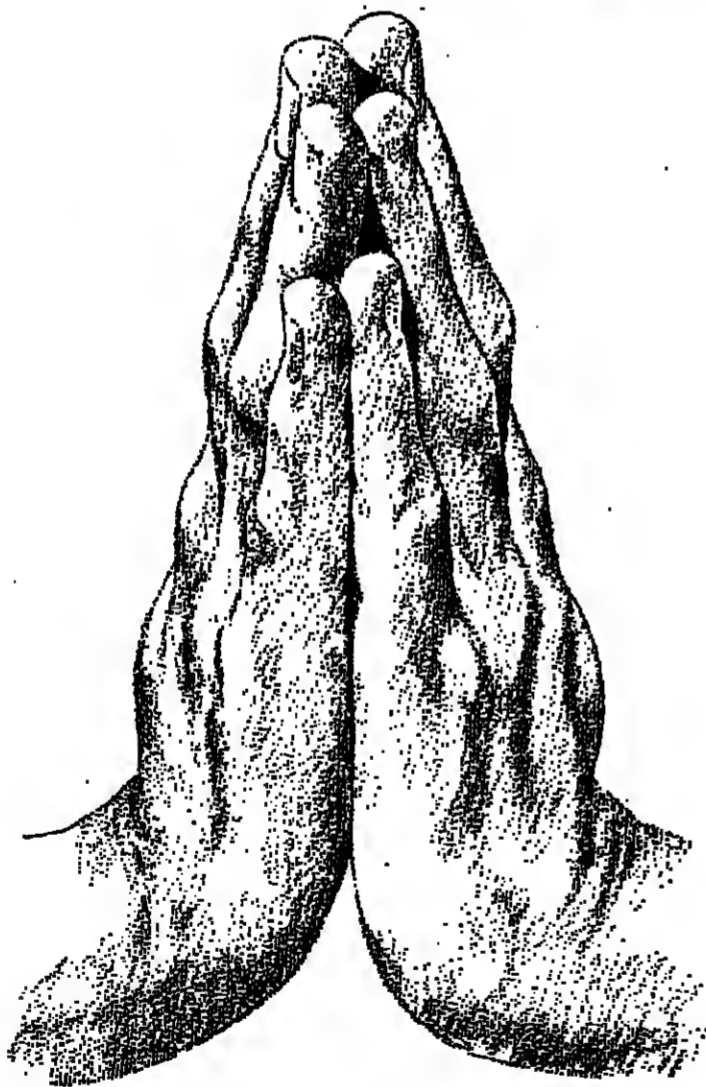
The elegant double curvature concrete arch dam constructed by Edmund Nuttall in joint venture with Balfour Beatty is the first of its kind to be built by British contractors.

It is the latest of a long series of projects carried out by the company involving dams, tunnels, shafts and underground power stations.

Founded in 1865, Edmund Nuttall has been one of Britain's leading contractors for heavy civil engineering projects since the turn of the century and is now undertaking a greater diversity of contracts of all sizes than at any time in the past.

Edmund Nuttall

Edmund Nuttall Limited 22 Grosvenor Gardens London SW1W 0DR. Tel. 01-730 0036



WELCOME at the Dutch bank on hand in Sri Lanka.

The Amsterdam-Rotterdam Bank N.V. - Amro Bank for short - is the leading Commercial and Investment Bank in the Netherlands with over 800 branches throughout the country. With assets of over US\$ 40 billion and branches, subsidiaries, representative offices and affiliations in every major financial centre in the world, we are a growing force in international banking.

Our clients tell us that doing business with Amro is a pleasure because of the marked friendliness and expertise of our staff. We tell them that we have a policy of recruiting and retaining the highest available level of banking skills. And that the pleasant personal approach comes naturally.

Our branch in Colombo provides a full range of Commercial Banking Services including off-shore banking, short and medium term loans, trade finance, letters of credit, foreign exchange, deposits and travellers cheques. And brings distinctive Amro qualities - flexibility of action and precision of response.

These qualities have been well received in Sri Lanka. But you have to work with us to discover the full depth of our banking and our know-how resources.

So why not contact us at 90 Chatham Street, Colombo 1, Sri Lanka; Tel.: 23023/548107/548108; Telex: 21818.



Dutch, dependable and developing worldwide.

Sri Lanka 6

\$2bn dams may provide lure for investors

Mahaweli project

RICHARD COWPER

MINISTERS, foreign and domestic contractors, aid donors and journalists - almost everyone loves a big project. Sri Lanka's circa US\$2bn (no one is quite sure just how much it will eventually cost) scheme to harness the waters of the River Mahaweli is just that.

Billed as a triumph of 20th century hydraulic engineering the project involves the construction in just seven years, of four huge dams and reservoirs, three power stations and a network of irrigation canals. The Mahaweli scheme will generate some 472MW of electricity and open up upwards of 100,000 hectares of dry land areas to intensive agriculture.

Sri Lankan government officials see the project as a tangible symbol of its intention to provide jobs, wealth and economic development to a nation which "lost its way" under Mrs Bandaranaike's socialist regime. Foreign aid donors, eager to encourage President Jayewardene's look-West liberal economic policies as well as providing much needed contract for their own companies, have worked hard to help finance the project.

Irrigation

A major portion of the cost of the so-called headworks (dams, reservoirs and power stations) is being met by western aid donors on various terms, but inevitably tied. The UK at Victoria, Canada at Maduru Oya, Sweden at Kotmale and West Germany at Randeni-gala and a number of other countries have to date committed \$962m in aid, of which \$815m has been disbursed by the end of last year.

Just last month the first power generated from the British-built dam at Victoria came on stream, while the Canadian-built Maduru Oya reservoir was completed last year and is currently irrigating around 5,000 hectares of its expected 36,000 hectares of dry zone land.

In the longer term, few question that the scheme - with its potential to more than double the country's electricity output and provide upwards of 200,000 jobs in agriculture and related services - will give a much needed boost to the economy.

Water from the four dams will irrigate some 100,000 hectares of unproductive dry land, which will be farmed by more than 100,000 new settlers. The Government estimates that the dams will eventually attract a further 100,000 families into the area to run shops, schools, and other services. In addition, the scheme will top up a network of existing irrigation systems, making them less susceptible to prolonged drought.

The large amount of cheap power generated by the scheme is seen as playing a key part in the Government's strategy to expand its industrial base and lure foreign investors. The country has suffered from a power shortage problem in the past few years and this may have served to discourage potentially eager investors.

But some question whether it was necessary or wise to proceed with the whole project at such a time when Sri Lanka's economy has been struggling to overcome the pains of more than a

decade of inefficiency and neglect.

The Government produces an impressive array of arguments in its favour: the desperate need to provide vital power essential for future economic development, to save foreign exchange on high cost diesel and gas imports, the need to ensure self-sufficiency in the country's main food crop, rice, and above all the necessity of providing jobs in a country where unemployment is high and landlessness a serious problem.

Critics, however, argue that the Government's projections for future power demand are much too high, that rice self-sufficiency has already been achieved at a much lower cost by rehabilitating existing irrigation systems, and that the diversion of almost 40 per cent of the country's capital expenditures into one project has deprived other equally worthy sectors of vital finance.

In particular they say the huge costs involved have played a major part in generating large Government budget deficits which in turn have led to a balance of payments problems and concern over the country's growing debt. All this, they claim, has helped to generate an overheated economy, turning inflation into one of the country's most intractable problems.

Some critics question whether it was wise for such a poor low-level income country to go for an import-oriented capital intensive method of building the project at all. Others say a more sensible approach might have been to phase the project over a longer period.

Mr Gamini Dissanayake, the youthful Minister for the Mahaweli and a rising star in Sri Lanka's political firmament completely rejects such arguments. "If you took such an approach we might never have got it built at all. Look, a large proportion of the scheme is financed by foreign grants and soft loans - at the time we had no other comparable viable project to offer aid donors keen to assist us. I very much doubt they could have got that kind of money over a longer period," he says.

He shrugs off the fact that in rupee terms the cost of the headworks and downstream irrigation work (not including infrastructure, resettlement costs and transmission lines) has doubled from around Rs 15bn in 1977 to around Rs 34bn now.

Estimates

"At the time no-one could have foreseen the doubling of oil prices, the world recession and the explosion in interest rates. But even so as the costs have risen so have the benefits," Mr N. G. P. Panditharatna, chairman of the Mahaweli Authority, estimates that the total cost of the project is likely to end up at about \$2bn with the headworks totalling around \$1bn, downstream irrigation around \$500m and infrastructure, power lines and resettlement costs a further \$500m.

But he admits these estimates are very approximate. More worrying is that since the scheme was given the go-ahead in 1978 there does not appear to have been any review of the estimated economic rate of return for the various segments of the scheme.

However, in a country which prides itself on its ancient irrigation network it is not difficult to understand the attractions of undertaking what will be the single largest and most ambitious contribution to its 2,500-year-old civilisation.

PROFILE: DR. PAUL BACK

Unsung hero with lifelong passion for dambuilding

ALMOST EVERY giant construction project has its unsung hero - often someone whose quiet persistence and talent go largely unnoticed as more colourful characters do battle with men, nature and materials in the struggle to complete on time and within budget.

At Victoria it was Dr Paul Back - an ingenious 54-year-old South African-born civil engineer with a lifelong passion for dams - who perhaps did more than anyone to ensure the success of the first ever curved arch dam built by a British consortium overseas. A senior partner with the British company of Sir Alexander Gibb acting as consulting engineers to the Sri Lankan Government on the project, Dr Back designed the 122-metre high double curvature arch dam and for the last four years has supervised its construction.

His unique contribution to the Victoria project has been in the realm of safety - a major concern of his ever since as a young man he was forced to underpin the giant 1,200 Mw Kariba Dam in

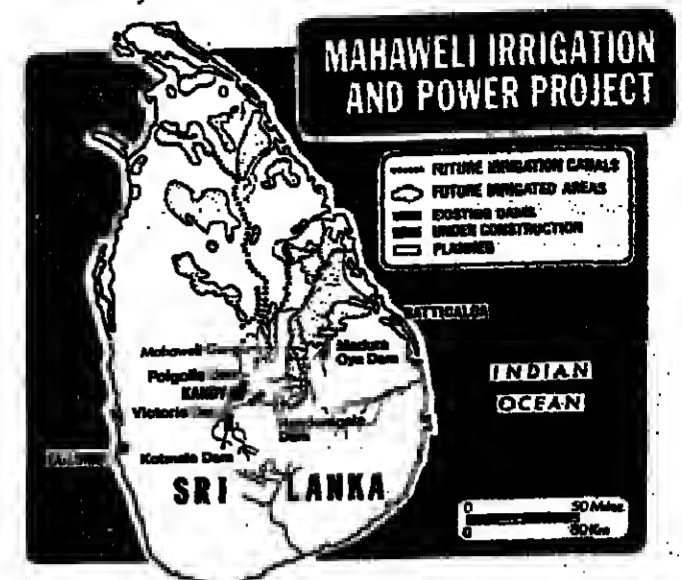
central Africa which was implanted after the collapse of a similar type of dam in the south of France which killed more than 400 people.

A dam builder's recurrent nightmare is that one day his own dam might collapse. As Dr Back tells it, it was on one such occasion while sitting in his hotel room in the picturesque royal city of Kandy, just an hour's drive from Victoria, that a terrible tropical storm took place and all the lights went out.

"I thought to myself what would happen if there was a flash flood and no electricity or operator to open the dam gates?"

That night he designed a novel but foolproof method, based on counter weight hydraulics, that allowed the gates to open automatically without the need for power or human intervention as soon as the water in the reservoir reached dangerous levels. For this he won a British engineering design award, and now sleeps more peacefully at nights.

R. C.



Headworks	Power (MW)	Construction period	Estimated cost (\$m)
Maduru Oya	210	1980-83	112
Victoria	122	1980-84	316
Kotmale	130	1980-85	368
Randeni-gala	130	1982-87	176
Total	472	-	956

Source: Ministry of Mahaweli Development

Battle of wills over engineering triumph

Victoria dam

RICHARD COWPER

IN THE lush green hills high above the ancient royal city of Kandy lies one of the most beautiful lakes in Sri Lanka. Victoria, however is not a gift of nature.

Less than five years ago all that could be seen was a ramshackle village, a ford and a dirt track in an otherwise unremarkable tropical valley. Since then a 200-strong army of expatriates from some 14 British companies and a local workforce of more than 1,200 has laboured with elephants and modern construction machinery to transform the upper reaches of the Mahaweli River into a new source of power and irrigation.

Last month the first electric light using power from the first of three 70 MW turbines driven by waters accumulated behind the 122 metre high Victoria dam was switched on in Colombo, just 72 miles away.

The ceremony was supposed to have been presided over by Mrs Margaret Thatcher, the British Prime Minister, but she was forced to cancel her visit due to a miners' strike. As a result the completion of the first double curved arch dam built by a British company went largely unnoticed in the UK.

One man in Britain who did take note was Mr M. B. Grieveson, principal engineering adviser to the Overseas Development Administration, which dispenses UK aid. The £118m UK grant to help finance the Victoria dam made it the largest on the administration's books until recently and it has been widely regarded as Britain's aid flagship.

In London, Mr Grieveson waxes lyrical about the developmental benefits of the project while on site Mr Alastair Chalmers, manager of the main

British joint venture contractors Balfour Beatty Nuttall (BBN), proudly surveys his achievement.

"At the beginning anyone who knows anything about dams said there was no way we could finish such a large project in such a remote location in a developing country in such a short space of time. But the Sri Lankan Government insisted we keep to the schedule in spite of a series of major problems." The successful battle against monsoons, silted labour shortages, lack of infrastructure and serious technical and geological problems has not been without its risks.

Exaggerated

To complete on target, BBN poured in extra time, money, materials and machinery. Partly due to this, it is understood to be financing the project to the tune of well over £20m. The joint venture is claiming for "sizeable" cost overruns (more than £10m) as a result of what it says was unforeseen extra work, and BBN appears concerned that it might make a substantial loss.

Mr Harry Hogg of Sir Alexander Gibb and Partners, engineering consultants to the Sri Lankan Government, is arguing that the claims are exaggerated.

Details of the total costs are hard to come by. But most agree that it is likely to be well over £20m, compared with the original estimate of £19m. BBN's standard off-measure contract covering the dam and the 5.7km-long power panel were originally costed at £65m, but Balfour Beatty claims that if it is to come away with a small profit the cost is likely to be at least double that.

Both sides hope a "fair" settlement can be agreed, but for the moment pride in a triumph of engineering and hard graft, does not hide the battle of wills between two remote British offices overlooking the Victoria Dam.

A COMPLETE SERVICE

UNDER ONE ROOF,

BACKED BY

OVER A CENTURY'S

EXPERIENCE

- EXPORT
- IMPORT
- MANAGEMENT
- TRAVEL & TOURISM
- PRINTING & PACKAGING
- INSURANCE
- IATA AGENTS (PASSENGER AND CARGO)
- ROAD HAULIERS
- ALUMINIUM JOINERY & GLAZING

Business and Trade enquiries are cordially invited and will receive prompt attention

SINCE 1854

THE WHITTALL BOUSTED GROUP OF COMPANIES

Whittall Boustead Limited
Bosquet & Skrine Limited
Whitcombes & Gem Exports Limited
Whittall Boustead (Travel) Limited
Industrial Managing Agencies Limited
Gordon Fraser & Company Limited
149, Vauxhall Street, Colombo 2, Sri Lanka.
Telephone: 29161 (17 lines)
Cable: 'WHITTALL'
Telex: 21104 BOSWIT COLOMBO